



MAYOR & COUNCIL MEETING NOTICE & AGENDA

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Mayor and Council and to the general public that the Mayor and Council will hold the following meeting, which will be open to the public:

**REGULAR AGENDA
CITY OF SOUTH TUCSON
TUESDAY, MARCH 16, 2021 6:00 P.M.**

SPECIAL MEETING NOTE: Due to the impacts of the COVID-19 pandemic, which have prompted declarations of a public health emergency at local, state, and federal levels, this meeting will be conducted using measures to protect public health. This meeting will be held in the City of South Tucson Council Chambers, as permitted under Arizona law. Special precautions will be undertaken that will include:

Public access to the Mayor and Council Chambers will be restricted in order to prevent a large or close gathering of the members of the public and to promote social distancing. A separate meeting room within City Hall will be equipped to allow a limited number of persons listen the meeting in that location. Social distancing practices will also be used within this separate meeting room in order to protect public health.

This meeting will not include any items that will involve time set aside for public comments. In recognition of the current public health emergency, members of the public are encouraged **NOT TO ATTEND THE MEETING IN PERSON**. A recording of the Council meeting will be posted on the City's website within three working days of the Council meeting.

PLEASE BE AWARE THAT THESE MEASURES ARE IN PLACE TO LIMIT THE NEED FOR MEMBERS OF THE PUBLIC TO PARTICIPATE IN A LARGE PUBLIC GATHERING, WHILE ENSURING THAT THE DISCUSSIONS, DELIBERATIONS AND ACTIONS OF THE MAYOR AND COUNCIL ARE TRANSPARENT AND CONDUCTED OPENLY.

**MAYOR AND COUNCIL CHAMBERS
1601 SOUTH 6TH AVENUE, SOUTH TUCSON, ARIZONA**

***TENTATIVE AGENDA**

- 01 CALL TO ORDER
- 02 PLEDGE OF ALLEGIANCE
- 03 MISSION STATEMENT
- 04 ROLL CALL
- 05 APPROVAL OF MINUTES:

MARCH 2, 2021 - REGULAR MEETING

- 06 MAYOR AND COUNCIL MEMBERS:
- REPORTS OF CURRENT EVENTS
 - FUTURE AGENDA ITEMS
- 07 CITY MANAGER AND DEPARTMENT HEADS:
REPORTS TO MAYOR AND COUNCIL
- 08 DISCUSSION AND POSSIBLE APPOINTMENT TO TUCSON PIMA COUNTY HISTORICAL COMMISSION
- 09 HOSTILE WORK ENVIRONMENT TRAINING – LAW OFFICES OF PIERCE COLEMAN
- 10 OPTIONS RECAP, DISCUSSION & DIRECTION: PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS)
PENSION DEBT PRESENTATION MARCH 2, 2021
- 11 RESOLUTION NO. 21-03 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING AN EXTENSION OF THE INTERGOVERN-MENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]
- 12 RESOLUTION NO. 21-04 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING THE FINAL AND REVISED VERSION OF THE INTERGOVERN-MENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]
- 13 ADJOURNMENT

**Please note that this tentative agenda may be changed prior to the scheduled meeting by modifying or deleting listed matters or adding new ones. Anyone interested in the final agenda for the meeting should contact the City Clerk's Office at (520) 792-2424 twenty-four (24) hours in advance of the meeting.*

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Tuesday, March 2, 2021, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Staff Present: Veronica Moreno, Interim City Manager
 Bobby Yu, City Attorney
 Lourdes Aguirre, Finance Director

Council Present: Bob Teso
 Herman Lopez
 Paul Diaz
 Akanni Oyegbola
 Anita Romero
 Robert Romero

Others: Karla Alvarez, 102 W. 34th St.
 Lin Rodriguez, 31 W. 34th St.
 Tom Belshe, AZ League of Cities and Towns
 Rene Guillen, AZ League of Cities and Towns
 Mark Reeder, Stifel
 Michael Townsend, PSPRS

Mayor Teso called the meeting to order at 6:00 p.m., and led the Pledge of Allegiance.

ITEM #03 – MISSION STATEMENT

Vice-Mayor Lopez read the Mission Statement.

ITEM #04 – ROLL CALL

All members of the Council were present, except for Councilwoman Rogers, who was excused.

ITEM #05 – APPROVAL OF MINUTES – REGULAR MEETING, FEBRUARY 16, 2021

Mayor Teso: Do we have any additions or corrections?

(No additions or correction from the Council)

Mayor Teso: Hearing none, do we have a motion?

Acting Mayor Oyegbola: Motion we approve the minutes.

Vice-Mayor Lopez: Second.

Mayor Teso: Mr. Romero.

Councilman Romero: Aye.

Mayor Teso: Ms. Romero.

Councilwoman Romero: Aye.

Mayor Teso: Mr. Diaz.

Councilman Diaz: No.

Mayor Teso: Mr. Oyegbola.

Acting Mayor Oyegbola: Aye.

Mayor Teso: Mr. Lopez.

Vice-Mayor Lopez: Yes.

Mayor Teso: Yes. Motion carries.

ITEM #06 – MAYOR AND COUNCIL MEMBERS: REPORTS OF CURRENT EVENTS; FUTURE AGENDA ITEMS

Mayor Teso: Anyone have any reports?

Vice-Mayor Lopez: Yeah, last week, we distributed some food here for the community from Project PPEP. I don't know whether they're going to continue doing that or not, but hopefully they do and we should know either today or by tomorrow. Thank you.

Mayor Teso: Okay. And we'll pass on report of the vaccination process for the reports by the City Manager. Do we have any future agenda items?

Councilman Diaz: Mr. Mayor, I guess we've, I guess the Councilwoman (inaudible) brought up the subject of the Spanish Trail the last time (inaudible) some progress has been made and I'd kind of like to find out about it as a next agenda, if possible. The legal, well, you know, you can, just an overview of it, you know, if you can give us some details (inaudible) that the public will know that progress has been made. Thank you.

Mayor Teso: Okay. Any other agenda items?

(No other agenda items from the Council)

Mayor Teso: Okay. Hearing none, we move onto Item #07.

ITEM #07 – CITY MANAGER AND DEPARTMENT HEADS REPORTS TO MAYOR AND COUNCIL

Ms. Moreno: Yes, Mayor, members of the Council, thank you and good evening. Just really quick, Mayor, I wanted to point out we have eliminated the Call to Audience from the agenda for obvious reasons. We're in a pandemic, but I noticed that we have some members in the audience this evening and I wasn't sure if you'd like to ask if they'd like to address Mayor and Council now before we move into the agenda.

Mayor Teso: Okay.

Ms. Moreno: And I gave you my report.

Mayor Teso: Alright.

Ms. Moreno: Anybody in the audience that would like to address Mayor and Council?

Mayor Teso: Are we going to do the Study Session?

Ms. Moreno: No, no. I was asking if, because we have eliminated the Call to Audience from our agenda, ...

Mayor Teso: Oh, ...

Ms. Moreno: ... if you'd ...

Mayor Teso: ... oh, ...

Ms. Moreno: ... like to ...

Mayor Teso: ... oh, oh.

Ms. Moreno: ... ask any of them in ...

Mayor Teso: I see.

Ms. Moreno: ... the audience ...

Mayor Teso: I'm sorry.

Ms. Moreno: ... if they'd like to address Mayor and Council.

Mayor Teso: We haven't done that since a long time.

Ms. Moreno: Right. I just noticed we have some members in the audience here.

Mayor Teso: Do we have members in the audience who would like to speak? Okay. Please come up.

Ms. Alvarez: Hello. My name is Carla Alvarez and I reside at 102 West 34th Street. And I'm here to see if you, or to be able to get ID status of the situations that we're still having at, on 34th Street with the drug trafficking on 107, I believe it is, the house in question. Last time that we were here, I did speak with the Officer Amado. He did ask for me to send him emails, which I have, but no response whatsoever. So I wanted to see if I could have any more information, or help, or if I could help in any way to resolve this big issue. (Inaudible). Thank you.

Mayor Teso: Thank you.

Ms. Rodriguez: Well, I'm back in town (inaudible). We're still having the problems. And we got some literature from STOPIT. Are they going to have to resolve the problem that we're having because South Tucson can't do anything about it?

Mayor Teso: It's the same issue?

Ms. Rodriguez: Yeah, and about trafficking to the younger kids. And that's what you see going into that house.

Mayor Teso: Yeah.

Ms. Rodriguez: Young kids. And when I, I've been out of town for a couple months with my little sister. And I just found out the neighbors north have called, had their vehicle stolen. Not the first time it's been stolen. Maybe a third time. You guys don't have patrol. Is there a reason for that?

Mayor Teso: I don't know. We'll have to speak with, he's not here today, but the Chief and bring it to his attention again.

Ms. Rodriguez: So, it's my understanding since you all can't take care of the problem, STOP is coming in to resolve it? Or did you not get a letter?

Mayor Teso: A letter from who?

Ms. Rodriguez: Carla, do you remember the name of, it was, it was something and something Associates. They're coming in South Tucson. She said it was out just last week.

Mayor Teso: Last week?

Ms. Rodriguez: Mm hm. Yes, sir.

Mayor Teso: I haven't, I don't believe I received anything. I'll take another look.

Ms. Rodriguez: Anita, did you get any such mail? I'm going to go home, if you permit me, 'cause I did get the letter. And it was a questionnaire, double-spaced, how they could ...

(Background conversation)

Ms. Rodriguez: ... be, did you get it, Mr.?

Acting Mayor Oyegbola: No, sorry. I believe you're talking about STOPIT. They're a, they're a coalition in South Tucson. They're doing a survey.

Mayor Teso: Oh, okay. Yeah. No, I take it back.

Ms. Rodriguez: Called STOP.

Mayor Teso: Right.

Vice-Mayor Lopez: Yeah, Project PPEP.

Mayor Teso: Yeah. Right. Okay. Yes, we did. I haven't filled it out or anything like that yet.

Ms. Rodriguez: Loyalty to the City of South Tucson. You know, it's a shame how things don't get taken care of. It was taken care of momentarily. Traffic stopped a while. And then they're back with a rage. There's a new couple that bought a house right there on 34th and 7th going west. Those idiots park in front of her house, to the edge of the curb to the front of 107. I tell her, "You don't have to allow 'em to park in your front yard. You know what's going on." "Well, I don't want to cause problems." But that means she's allowing the problem to persist.

Mayor Teso: What, what time of day is it?

Ms. Rodriguez: (Inaudible) ...

Mayor Teso: (Inaudible) ...

Ms. Rodriguez: ... excuse me?

Mayor Teso: ... all day?

Ms. Rodriguez: The druggies have no set schedule. You know that, sir. I can go out when I'm letting my puppies out, 3:00, 4:00, 6 o'clock. And (inaudible). It's ridiculous. We've lost three people in that area because of them. And I may be the next one because I've had opportunity to sell, as you well know. It's a seller's market now.

Mayor Teso: Yeah.

Ms. Rodriguez: And this is what's going to happen to your South Tucson. Everybody is going to leave in that one central area on 34th from 7th to 8th. And then north. So they, they walk up and down, exchange drugs and money. I seen it firsthand. And they had an OD at 107 also on heroin. I don't know if there was a report made or you were, been aware of.

Mayor Teso: How about the alleys? Are they going in the back alleys, too, or?

Ms. Rodriguez: Well, certainly. They're marking up her gate and they're dropping, oh, I do remember when I showed you those pictures of the needles, syringes on my back property. I'm sure you could probably go to there, that alleyway, the alleyway north of 7th and 34th. There's probably a slew ...

Mayor Teso: Yeah.

Ms. Rodriguez: ... of them.

Councilman Romero: I've got a couple of questions. Is that a rental property?

Ms. Rodriguez: What rental?

Councilman Romero: The one on 7th.

Ms. Rodriguez: No. It's a family owned. Those people abuse the auntie that's letting them live there. She pays the taxes. They don't do any upkeep at all.

Councilman Romero: So it's not a rental?

Ms. Rodriguez: That, I'm not sure because I say they could care less about paying the rent. I think the, the owners should be aware, I'm sure they're aware what's going on at that house. And the neighboring property owners was Clara, the, the grandmother that lived there. Her last name was Noriega. You all know the Noriega's in South Tucson. And it's pitiful.

Councilman Romero: I'll get with the City Attorney and Manny Amado later on, see what we can do about that.

Ms. Rodriguez: Isn't that who you tried to get a hold of?

Mayor Teso: Yeah.

Ms. Rodriguez: Good luck, sir. Good luck.

(Background conversation)

Ms. Rodriguez: Lin Rodriguez.

Ms. Moreno: I just, I just ...

Ms. Rodriguez: L-I-N ...

Ms. Moreno: ... (inaudible) ...

Ms. Rodriguez: ... Rodriguez.

Ms. Moreno: Okay. And your address?

Ms. Rodriguez: 31 West 34th Street.

Ms. Moreno: Okay. Thank you.

Ms. Rodriguez: It's important to me.

Ms. Moreno: And to me, too. That's why (inaudible). Thank you.

Ms. Rodriguez: Okay.

Mayor Teso: Thank you.

Acting Mayor Oyegbola: Thank you, Ms. Rodriguez.

Mayor Teso: Okay. Ms. Moreno.

Ms. Moreno: Yes, Mayor, members of the Council, thank you. So, a really quick report before we get into the Study Session here, I wanted to make sure that we talked about, or I reported on the vaccinations that happened over the ...

Mayor Teso: Yes.

Ms. Moreno: ... last two weekends here. Initially, we had one at the Housing Authority, which our newly appointed Housing Director Betty Villegas as able to initiate. She made her state contact with those that she still has contact with at Pima County and she was able to have a mobile clinic here at the South Tucson Housing Authority, specifically for the elderly residents. I have yet to have any counts yet as to how many were able to receive the vaccination, but I had some very positive feedback and people (inaudible) as far as those that met the criteria to be able to receive the vaccination. So, after that mobile clinic, we were able to, with Pima County, organize another vaccination clinic here in the City of South Tucson, literally like one week after and ...

Mayor Teso: Right.

Ms. Moreno: ... it was specifically to City of South Tucson residents. And we had a meeting earlier in the week with Supervisor Heinz, Dr. Heinz. So the count has yet to be determined. There was a count either between 460, he said, or five ...

Mayor Teso: Five-eighty.

Vice-Mayor Lopez: Five-eighty.

Ms. Moreno: Five-eighty.

Mayor Teso: Yeah.

Ms. Moreno: But I do know that the vaccination clinic was specifically for City of South Tucson residents. There may have been others from the 85713 zip code that received the vaccination, but it was really nice that they were able to offer the vaccination to City of South Tucson employees.

Mayor Teso: Right.

Ms. Moreno: So, I mean even though employees, those of us that are critical government employees, are on the lower part of, I guess the chain of receiving vaccinations.

Mayor Teso: Right.

Ms. Moreno: We still come to work every day. We're still, you know, around some of the public and are in interaction with people in (inaudible) and things like that. But I definitely wanted to thank those at Pima County and, of course, Mayor and Council who were able, you know, to organize that on our behalf. I know a lot of you have phone trees. Councilman Diaz, Councilman Romero, Councilwoman Romero, Oyegbola, I know you're out there going to restaurants as well as the Mayor and Vice-Mayor Lopez. So, thank you. We really appreciate it. A lot of people in our community, I know that don't have access to the internet are not able to register or even weren't even able to, you know, have transportation ...

Mayor Teso: Yeah.

Ms. Moreno: ... so that was really nice to be able to have that in South Tucson and I know that there will be more vaccination clinics that will be offered to not only the City of South Tucson, but other areas within the southern part of Pima County. And in addition to that, I just wanted to always reference our upcoming Council meeting. So the next meeting is scheduled for next Tuesday, March the 16th. We will be having training from (inaudible). And that's specifically relating to hostile work environment where we'll be inviting our Department Heads and front line supervisors. And I did mention in my report to you about the vaccination where we talked to Supervisor Dr. Heinz. So there was an invitation to Mayor Teso and Vice-Mayor Lopez, asking the City to have a meeting to introduce their staff as well Dr. Heinz ...

Mayor Teso: Right.

Ms. Moreno: ... (inaudible) and Mayor Teso, Vice-Mayor Lopez and Acting Mayor Oyegbola. So that was a really nice introduction. We basically talked to Supervisor Dr. Heinz about what Pima County District 2 has done for the City of South Tucson. In my tenure, I kind of gave him a walk-through as to how they've helped the City with the recent settlement, with the jail debt, also regarding the secondary property tax. We are definitely going to follow back up with him on a report kind of just letting him know the needs of the City and how Pima County can help us. And I think we definitely want to make sure that economic development is a priority. So we'll make sure the Mayor and Council receive the report as to what we provide Supervisor Dr. Heinz with. That concludes my report. Thank you.

Mayor Teso: Thank you. I think in that one newspaper article you sent me I think that the Housing Authority they had a total of 76, 77 people that were vaccinated.

Ms. Moreno: Is that what it was?

Mayor Teso: Of which, I think, 41 were from the El Senorial, the older, the older people.

Ms. Moreno: Thank you.

Mayor Teso: Thank you. Okay. Moving onto Item #08.

ITEM #08 – STUDY SESSION: PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS) PENSION DEBT PRESENTATION – STIFEL, NICOLAUS & COMPANY, INC., ARIZONA LEAGUE OF CITIES AND TOWNS & PSPRS

Ms. Moreno: Yes, thank you, Mayor, members of the Council. For several months now, to Finance Director Lourdes' credit and, of course, the presenters and their staff who are here, Mr. Tom Belshe, who is with the League of Cities and Towns, as well as (inaudible) Rene Guillen who is with the League of Cities and Towns, and Mark Reeder, who all of you have met before from Stifel will be providing you with a presentation addressing options that the City may consider regarding the City's unfunded liability referencing the Personnel, PSPRS, Public Safety Personnel Retirement System. I don't know if our Finance Director would like to add to that. We also will be having other members, through Zoom, that will be present as well, which will include Michael Townsend, who is the Director of the Public Safety Retirement System and others who can introduce themselves as we begin the Study Session.

Ms. Aguirre: Thank you, Madam Manager. Mayor and Council, good evening. I think that you have all been able to track along on just the broad picture when it comes to PSPRS and the issues that the City faces. You know, we make it a point to present to you on it every single year. And really, I think that the options that you are going to hear about today are really good options for you all to consider. I think that that's what we've been working towards, especially because, yes, the City of South Tucson does need a little bit of (inaudible) when it comes to those increasing payments, right? We need to be able to release some of that pressure from your budget. So that's what you're going to be looking to today. And Mr. Michael Townsend from PSPRS is also going to be giving you a little bit more of that history. So, without further ado, we'll open it up for Mr. Tom Belshe to give you all an introduction.

Mr. Belshe: Mayor Teso, members of the City Council, it's my pleasure to be here. As was mentioned, my name is Tom Belshe. I'm the Executive Director of the League of Arizona Cities and Towns. This is a very difficult subject that you're undertaking tonight, okay, but just to let you know, all 91 cities and towns have an issue with this. Now, varying degrees, you have an extra, you know, difficult one that you're dealing with here. But all cities and towns are dealing with the problem of unfunded liability with their PSPRS engine system. So, one of the things that we encourage is for, there's been a lot of good work that's been done here. We've been involved in the meetings, developing this information. You have very experienced bankers who have taken a look at this issue for you that have worked on this with other cities and towns. What you're considering tonight has been done by other cities and towns, most recently the City of Flagstaff and others, other counties as well and I'm sure Mark Reeder from Stifel will talk about that. It's, this is something because it's so difficult, oftentimes councils will, excuse the expression, kick the can down the road, so to speak. And at some point, it comes, it comes to a point where your budgets can't even handle just keeping up with, you know, it's like a credit card. You know, you're paying the minimum payment and you're not making any headway and pretty soon, it gets to a point where it's unmanageable. So, we don't encourage or discourage

any particular approach, but we can say that other cities and towns have taken this approach. There's been a lot of work done on it. Now, I will also warn you, okay, these things are difficult to understand sometimes. So, ask questions and really try to understand the, the, if something like this is going to be done, it's going to be you that are going to be leading that charge. So, you have to understand how it works. And I just wanted to let you know, too, that you know, at the League, we encourage our council members, you know, always to, to, not to be passive in what happens at the Council, but you know, to ask questions and, and really try to understand.

Mayor Teso: Right.

Mr. Belshe: Again, I know that Mike Townsend with PSPRS and Mark Reeder, and the League, we're here to provide you, help you, provide you any kind of information that you need. And I would also suggest that some of the, you know, you may want to even contact people that have been through this. I know that other elected officials and staff from other cities and towns that have gone through it would be more than happy to talk to you about how they came to the decision that they did. But that, I'm just introducing the subject tonight and I wanted to let you know that I know that there's been lots of good information. The ideas and the information that's in the presentation, I think, is going to be something that's very useful for you. And with that, I'd be happy to answer any questions.

Councilman Diaz: I have a question. I believe our situation is kind of unique (inaudible) we have volunteer personnel filling in the requirements of a full-time employee.

Mr. Belshe: I don't know your, your specifics. I just know that your level of unfunded, the unfunded liability. I don't know, in particular, about, I just know that you guys have a serious unfunded liability. Now, how it, how it got to, that's why we have Mike Townsend. Mike Townsend is going to talk to you about the history, about how we're, why we're at where we're at.

Councilman Diaz: Okay.

Mr. Belshe: But what I do know is that even just making payments that PSPRS says you need to do, you know, to meet your legal obligations isn't going to solve the problem. And so that's why you have to take some, you know, more extreme steps than that in order to solve the problem.

Councilman Diaz: Thank you.

Mr. Belshe: Just one more thing. Unfortunately, the legislative session is going on right now down in, and you're all well aware of that, know the kind of things that are going on.

Mayor Teso: Right.

Mr. Belshe: We may need to, we have committees that we have to be at tomorrow morning. We may need to leave, you know, before the total program is finished, but we want you to know that we stand behind the things that they're going to talk to you about tonight. This may not be the solution for you. It may be the solution for you. But I guess my message is you have to do something. There has to be an approach. And so,

because this has been something that's been done by other communities, we just wanted you to have a look at this and know that we stand behind the work that's been done to this point.

Mayor Teso: Thank you.

Ms. Aguirre: Now next to give us a little bit of history, we have Mr. Michael Townsend.

Mayor Teso: Okay.

Ms. Aguirre: And he'll be sharing his screen and presentation with you.

Mr. Townsend: Okay. Thank you, Mayor and Council. Can everybody hear me okay?

Acting Mayor Oyegbola: Yes.

Vice-Mayor Lopez: Yes.

Mr. Townsend: Okay. Thank you, Mr. Belshe. Just to start with, an introduction, my name is Mike Townsend. I started a little over a year ago with PSPRS. I have a pretty good understanding of the position you're in. I spent the last 25 years working in city and county government as a Finance Director and Deputy (inaudible) Manager. So, I understand the issues and, really, that's why I came to work at PSPRS was to try to inform the right information, get to an understanding about what the options are and how do we work together to look at solutions for local governments across the state. This is the summary of Arizona pensions. I'd like to start at the beginning and provide information so you can have the same understanding of the terms we will use. Basically, how the math works around pensions. And then talk about the history, the things that we've been working on here recently so we get to a level of comfort of where we are and what we're doing. And then also look (inaudible) the future (inaudible) provide some information about how to look at and how to analyze potential options in terms of the unfunded liability. These pensions (inaudible) that are listed in PSPRS, the ones that are in bold, the three in bold, are the ones that we handle at PSPRS. And this includes the Public Safety Personnel System, which includes the law enforcement policy as well. So understanding pensions. I'm going to start with the past first and talk about, really, how did we get, is it, that really is the first question we usually get. The largest impacted, in my opinion, going back in time, was the (inaudible) increase. What happened with that is a way to give cost of living increases and it was used excess investment returns to give cost of living increases. But there were some unintended consequences over time with how this was structured. Half of the investment returns above 9% would actually be taken out of a trust. Well, the problem is is when you have a bad year, 100% of those losses would stay in the trust. But then in a good year, you take half of the (inaudible). So, really hard to achieve the assumed rate of return over time when the debt kind of goes (inaudible). The other thing to remember is those monies that were taken out of trust were set aside and used to provide benefit increases to retirees. So the problem is you're taking half of the excess returns out and at the same time, increasing the liabilities going into the future. So, this had a general impact in terms of creating unfunded liabilities for local governments. The other thing that happened was there were disproportionate impacts across the state. I think the goal was to really do it. The goal was to give the same dollar increase to all retirees no matter what their current pension payments were. The problem was if you had a smaller, more rural communities that where the level of pay of the officers was a little bit lower, their pension benefits would be low. And then you'd give the same dollar increase. That would give a larger

percentage increase to those retirees, which, again, was creating additional unfunded liabilities going forward into the future. The other thing around this, this type of program, the way the math worked on the permanent benefit increase was going forward, the basic assumption actuaries made is that every year into the future the investment return (inaudible) assumed rate of return. So, by definition, the actuaries were projecting that there would be no excess investment return in the future and therefore no permanent benefit increases into the future. But what actually happened was there was so much money set aside in a separate pot that there were 28 consecutive years of increases provided to retirees. And then also on the investment impacts, just because of the way the excess returns were working out over time, there was a change to the asset allocation on the investments (inaudible) volatility which ultimately resulted in reduced returns on the investments, which just compounded the problem. So, what happened to the PBI? The legislature put on the ballot for the voters to consider Prop 124, 125, would eliminated the PBI, put in a place a (inaudible) that has a 2% gap that provides more consistency and certainty going forward. So, that the actuaries could be accurate about how they're estimating this and we know what to expect into the future. We have, we changed this to some of the actuarial assumptions over the next several years with more trustees. We'll be putting these into place to, again, make it more certain and more consistent going forward about how we pay (inaudible) liabilities. This is a very pro-active approach, the Board of Trustees. And then the investment allocations, we have new staff and new committee members from the Board and we're making those changes to the asset allocation and how managing the investment into the future. Did I say I started a little bit over a year ago? When I arrived, there were some serious concerns with the audits. Issues of contribution processing, the general ledger system, the interim controls. So, we implemented a new general ledger system to make sure that we're accounting for things correctly, including appropriate processes in place. We hired new auditors, Clifton Larson Allen is a national firm that specializes in public pension auditing. We hired new leadership positions so almost entirely a new leadership team so it is new management. We brought in a Deputy Administrator who was the State Comptroller for many, many years; a new Chief Financial Officer Control Internal Auditor, all with substantial state experience. So, we've really brought in some professional experienced staff. The actuaries put together models for each system so this is a tool that finance people in each community can use specific to their plan to look at different scenarios, look at options and start to really do research on their own, understand how the pensions work and what, what options may be available to them, updates on the IT security upgrades, computer systems. (Inaudible) I talked about the investment opportunities and asset allocation. We've made significant changes there, positioning the portfolio for better returns over the long-term. The board adopted the actuarial changes to eliminate (inaudible) amortization. Mr. Belshe made reference to a credit card. If you're just making those minimum payments and really not paying it down, so this is something that will give a scenario over time, but that's going to be phased in over the next few years. And again, that consistency and certainty the pay goes down. We also re-engaged the advisory committee to provide ongoing stakeholder engagement so that includes employer representatives, including Mr. Belshe. It includes member, labor members on the committee. And so, we're working on being more transparent, providing communication and education so there's more of an understanding of what's going on, how we're managing things, and what we're doing going forward into the future. So, now I'd like to look at some of the terms to make sure we understand. PSPRS was referred to as a defined benefit. There will be an actual benefit paid out for our members. It's, when we look in statute, and so that formula will be implemented. It cannot be changed and so it will be paid out. The challenge is we're trying to estimate what those benefits are going to be. We don't know how long an employee is going to work. We don't know what the pay is going to be at the end of their career. We don't know how long they're going to draw that benefit in retirement or if they have a surviving spouse. And so, that's all based on actuarial assumptions. (Inaudible) updated, but really, we're trying to estimate well into the future many debts. So, what is an unfunded

liability? That's the term that gets thrown around, but I think it's really important, as you consider your options, to understand what the term means. When we look at, we first have to make sure the assets. And we base that on the value of the assets today. So, when we get to the end of a year, we look at what the market value (inaudible). The liabilities, again, we're looking into the future. So, for every one of your employees, the actuaries are estimating they've earned a certain percentage of that future benefit payment. And the actuaries project out what percentage they've earned and when is that member going to earn that benefit for their lifetime? So they're going many decades into the future. They look at all of the (inaudible) of benefit payments in the future and then those are discounted back to a present value. So, discounting (inaudible) assume rate of return but it's in present value (inaudible). And that's a key term that we're going to go over again a little bit later. So the difference between today's values of assets and the present value, the liability, is either amount that's overfunded or the unfunded liability. The other term that's used a lot is the funded percentage. It uses the same two numbers of plan assets today and then the present value liabilities in a ratio. And so that identifies the assets available to fund the liabilities in today's job. So, the goal is to get to our percent funded. So we have the assets needed for the present to match the present value of the liabilities. But even if we get you 100% funded, those are estimates in the future. And your officers are going to continue earning additional benefits each year they work into the future. And so as we move forward, those numbers are going to change. Just getting to 100% funded does not mean we're done. We need to consider what investment risk and actuarial risk is there to go forward. The pension funding equation gives you a good overview of, of really how a pension works. The right side, or the uses of funds, the benefit payments to the members and the expenses are the cost of running the agency. The left side are the sources of money, where the money comes from. Contributions paid by the employee and the employer, and then the investment returns on the assets. And really, that's it. And the point is there is no other pot of money. There's no other magical source to be used. It comes from one of two places and that's really the only option we have is, is how we consider both. So, every employer has their own liability. So, in terms of PSPRS, there's 264 different plans. And these benefits are protected by the pension clause and by legal precedent. So, the pension reforms created to, to, so all new hires are going into Tier 3. But the pension reforms did not reduce the Tier 1 and 2 unfunded pension liability. It is considered a debt. And so, really, the impact we can have is on the contribution. So, every additional dollar contributed today can earn investment returns over the long-term, and every additional dollar not paid loses out on that opportunity. So, this is looking at where the cash comes from on an annual basis. This is system-wide and you can see how this compares to the City of South Tucson. And you can see 45% of the cash coming into the fund comes from investment returns, which 55% comes from the contributions made by the employee and employer. So, I want to look at the actual numbers. These are numbers from the actuary valuations for South Tucson. For Police, the, I just used the Police. I didn't do Fire. The Fire plan would use the same map. It works the same way. So, I'm going to give you kind of a picture how to look at this. So, the blue one here are the assets in the Police plan for South Tucson. The orange represents the unfunded liabilities. The thing to remember is over on the left, the total present value of all those liabilities, all those future stream of payments are both of those added together. And so, the present value is, this entire graph, and this blue represents the assets and this, this is the unfunded portion. So, kind of give you a picture of how this is structured. So, as we go forward, if you look at where we are this year, those investment returns, South Tucson has an opportunity to earn investor return on the assets. But with only \$582,000 in assets, there's a missing opportunity. If the plan were 100% funded, you would be earning investor returns on (inaudible). And the other thing to remember is, and this goes back to that present value term, regardless of the funding status, the total liabilities are going to be discounted one less year because remember it's a present value number. So, each year, in essence, those liabilities are going to increase 7.3%. And that's really where they key Council, as Mr. Reeder comes up next to talk what potential

options you have. So, in terms of South Tucson, the left side are the assets. So we look, the investments and the contributions are, are where the cash comes from each year. The investments and contributions added together here is \$666,000 which sounds good. That's a lot of money that's going into the plan. But on the liability side, from one year to the next, that present value calculation you can see from 2020 to 2021, it's going to increase \$786,000 just through the calculation. And so, the \$666,000 in cash coming into the plan is not keeping up with the growth in the liabilities. And that's a key point you've got to understand. There are other solutions that need to come into play if we're really going to solve this. So, again, looking for that one year to the next, 2020, I have the same numbers here. You can see the blue are the assets. So when we get to the next year, you start with the blues. The same assets. We have the investment returns in contributions in the orange and the grey being added in here. So, the increase in the assets, but remember, the total liabilities also grew. And so, ten point, almost two million, to 10.3 million is an increase in the unfunded liability. So, the cash coming in is not really keeping up with the growth in the liabilities. So, here's the, the pie chart again, the cash that comes in on an annual basis. And here's what the actuaries are projecting for fiscal year '21 is that 6% of the cash coming in is coming from investment return. And you can see the rest of this is all coming from contributions; the employee, the employer, and then the unfunded portion of the contributions is within the grey piece. And then (inaudible) opportunity in terms of the investments. If South Tucson Police were 100% funded, you can see 89% of the cash coming in will be coming from investment returns, which would then keep up with the growth in the liabilities. So, again, back to that pension funding equation. The left side is where the money comes from. We're doing everything we can around investment returns to increase that, make it as big as we can. But we can only change that percentage a little bit. We can't move it a lot. And the key takeaway is investment returns will not solve larger unfunded liability. It really needs to come from additional contributions to leverage those investment opportunities. And by looking at the actuaries put together in number four, and over a 17-year cycle, one million dollar additional contribution put in at the beginning of that 17-year cycle saves taxpayers 1.8 million in contributions. So, you can see how you can start to leverage close to two times the money over a long-term cycle. And then also at the end of that 17-years, that original one million would still be in the fund and still be in a investment returns. Again, if South Tucson does find a solution, a way to get additional contributions into the fund, it's, we're also going to need their continued diligence because remember, these are all estimates into the future and when you manage the investment risk and the actuarials. So with that, I'll stop here and see if there's any questions from Mayor and Council.

Mayor Teso: No.

Ms. Aguirre: Thank you so much, Michael. I don't think there are any questions for you at this time. We certainly appreciate you taking the time to present this information to us.

Vice-Mayor Lopez: Thank you.

Mayor Teso: The only question I would have is, is this presentation being recorded?

Ms. Aguirre: It is.

Mayor Teso: Okay. Thank you.

Ms. Aguirre: You'll be able to reference it. Okay. Thank you. So now we'll go onto Mr. Mark Reeder who will be presenting some options to you.

Councilman Romero: Thank you, sir.

Mr. Reeder: Good evening, everyone.

Mayor Teso: Good evening. How are you today?

Mr. Reeder: Lourdes has the presentation. I'm going to draw my map if that's okay with you, Mr. Mayor, members of the Council. Good evening. Thank you for having me this evening. I want to compliment your staff. And I wanted to compliment the City Council on your leadership to bring us in the room. We're here to help you. I think, as you know, we all care about the City of South Tucson. And I will tell you that we're incredibly blessed to have Mr. Belshe with us this evening, from the League, to come down.

Councilman Diaz: Excuse me.

Mr. Reeder: I'm sorry.

Councilman Diaz: Can you get the mike (inaudible)?

Ms. Aguirre: Do you need it up higher? Do you want me to scoot this one up further?

Mr. Reeder: Is that better? Testing. Is that better?

Councilman Diaz: Yeah.

Mr. Reeder: Okay. Thank you. I apologize. I didn't mean to be muffled there. And we all can't wait till COVID is over, right?

Mayor Teso: Yeah.

Mr. Reeder: It's been wearing on all of us. I just wanted to say, Mr. Mayor, members of the Council, I wanted to, you know, thank you for your leadership and staff's been great. And you have a big issue here, as you know. And we're here to help. It's so great to have the League of Arizona Cities in the room with us and it's so great to have Mr. Townsend in the room with us. Just real quick, this, the City of Flagstaff is one of our, one of my clients. And they had been wrestling with PSPRS, like you have and our other cities, as Tom mentioned, for a significant number of years. And it was very frustrating, I think, for them, especially during the budget season. I'm sure Lourdes and all of you can appreciate that, so back in March or February, this is all pre-COVID, the City of Flagstaff had an unfunded liability of \$131,000,000, just to kind of put it into perspective for you. And they said, "Mark, what do you know about potential ways in which maybe we can refinance that out? Is there a way for us to kind of help us fix the problem?" And I brought in a couple of my colleagues out of our Chicago office that had been doing this around the country for, for many, many years. And so they've been in the room with us and they've been on our calls and Veronica and Lourdes have met them. And they work all around the country and they said here in Arizona we've never seen, you know, the support that we

have here, having a pension, actually having the Chief Executive Officer of a pension coming into our, into the room with us and being transparent with us, sharing the story of what happened in the past and then to have Tom here and Rene here from the League is just very, very appreciated and shows you and our other cities around the state, you know, that there's a lot of support for you to deal with this problem. Okay. So let me go through some of this with you here real quick. I'm going to have Lourdes do this for me. Tom mentioned that, and Mike mentioned this, and again, City of South Tucson is not alone. This is actually the Tier 1, Tier 2, PSPRS unfunded liability of all of our local governments and state governments around the state. Okay? And it's about 12 billion with a "B". And you can see our cities and towns. Thanks for doing that, Lourdes. Right there is about 7.4 billion, with a "B". You can see the state is about 2.6 billion. They have a huge DPS unfunded liability. And then you can see our county is about a billion three and our fire districts, and a little bit with our universities and community colleges. Okay? So, you're not alone. This is, as Mike mentioned to you, which I thought was great history, how did we get here and it had a lot to do with that permanent benefit increase. Remember that Mike referred to called a PBI.

Mayor Teso: Right.

Mr. Reeder: And this, this all happened, I guess, back in the '70's. This happened years ago. And legislation was approved that allowed for more benefits to the retirees, assuming they can get higher returns, right? And so, they, the fund, I think, was somewhat incentivized to go out and get higher returns. Okay. And some of the investments went south. So that's kind of why we're here and we're all dealing with this constitutionally protected, what they call Tier 1, Tier 2, the more expensive pension liability for our Police and Fire. As Mike mentioned, it's been replaced by Tier 3 now. Not that you guys are probably hiring a lot of new officers. I could be wrong on that, Lourdes, but going forward, all of our new officers, for the most part, coming on would be these Tier 3 employees, which is a more reasonable pension system for cities and towns to manage. Okay? Okay. Next page. Mr. Mayor, members of the Council, I just wanted to share, all of you were in the room. I don't think we have any new Council members here, do we?

Ms. Aguirre: No.

Mr. Reeder: So we all work together. If you remember, back in '19, we did the refinancing and saved the City a lot of money. We did the best we could to lower that interest rate. And if you look on the right hand side, those are your annual debt payments. Okay. You see the 400 there? Okay. That was really, that's the savings that we gave you because we lowered your interest rate, saving you a couple of hundred thousand per year for several years. That's to help your budget, right? We wish it was two million, but it's two hundred thousand. And then you can see that your payments go up to \$600,000 starting in 2025. And you all remember that from our previous communications. But about 6.1 million down below there, you got \$225,000 being paid here very quickly, okay? So, I just wanted to share that, that's on the books till '34, if, unless it's paid off early, okay? So that's one debt. I would say that's about 10% of your budget. I'm going to through some numbers around here. Lourdes, bear ...

Ms. Aguirre: Yeah.

Mr. Reeder: ... with me. I think your General Fund, your pledged revenues are about five million, a little more than that. So you have \$600,000, so I'm kind of rounding numbers and we can fine tune these later, but about 10% of your budget goes to pay this debt. And remember, this was the refinancing of the refinancing of the

refinancing of the refinancing, and the can was kicked down the road, right? So it's frustrating because it's a large part of your budget and you're not really getting any benefit for it, are you?

Mayor Teso: No.

Mr. Reeder: Equipment's (inaudible) and some building (inaudible) so just wanted to give this quick reminder. Okay. Next page. How am I doing so far? Everybody all good, keep going?

Mayor Teso: You're doing great.

Mr. Reeder: Mr. Diaz, you have any questions? Mr. Diaz always has some really good questions on, on our finance here. Okay. So, just to give you a quick reminder. Back when we did the transaction to refinance your bonds, you can see that we pledged certain revenues. And if you go to the right hand side there, you've got about three million a year and you're a local, sacred local sales tax revenues. Okay. Not uncommon in Arizona because as Tom will tell you, we live, breathe and die by our local sales taxes in Arizona. It's the way the whole system was set up way, way back when. Licenses and so (inaudible) 3.2 million. I think Lourdes will tell you, going to 2021, even with COVID, our local economies are fairing pretty well, you know, because of the various things that have gone on. So that's good. And then you can see the other revenue. State shared sales tax, \$600,000. I'm rounding. State shared income taxes, this year, about seven-fifty. Those are up. And then vehicle license tax, so if we, if we do a financing to refinance out your pension, we're going to use a similar structure. So, I'm just giving you the quick reminders on that. Okay. Next page. The right hand corner is what we're estimating at the moment your Tier 1, Tier 2 unfunded liability about 14 and a half million. Big number. By far your largest liability. Now if you go on, let's break this down a little bit. Your Police, go to Police up there, Lourdes, if you would, it's 10.2 million in that first column, Lourdes, I'm sorry. There you go. So Police is the least funded account. Your 10.2 million unfunded, so you're only 5.4% funded and your paying PSPRS 7.3% on the unfunded balance every year. That's where this negative amortization comes into play, right, because the contributions are not sufficient to keep up. That is one of the lowest percentage, funding percentages in the state. Okay? And I think you know that. We're not trying to bring that out, but that's one of the lower ones. And then the Fire is better funded at about 3.2 million. And I believe you have some form of a volunteer Fire, too, Lourdes and Veronica, which I think has helped you in this regard.

Ms. Moreno: The Reserves, yeah.

Mr. Reeder: The Reserves. So, good job on that. Okay. Now going up to the top, it's also my understanding that there's also some reconciliations going on with respect to some additional that I think you're aware of, Mr. Mayor, members of the Council, some additional unfunded liabilities that are being discussed and reconciled with PSPRS right now, so ...

Mayor Teso: Right.

Mr. Reeder: ... we're going to report once all that gets reconciled with staff and we'll report back to you. Alright. The red line is your famous, you have entered into an agreement with PSPRS to pay them back over an extended period of time to pay that unfunded liability back. I'm going to walk you through that in a minute. Essentially, it's going to double, it's going to more than double and I'll walk you through that in a moment. Okay? Next page. So, again, on the left hand side there, that's a bar chart. And it shows you that

the average funding percentage in the state, you see that third one there, Lourdes? The average funding percentage in the state is about 46%. This is back to where you're not alone. And we want to share that with you. But if you look at your Fire and you look at your Police, you're at the bottom quartile of your peers around the country. Okay? So it needs attention and that's why we're here, trying to come up with all the tools in the toolbox for the City. Over on the right hand side there, the Police there, you see that AAL, that's your present value liability that Mike was talking about for Police. And that's really what we owe right now on a present value basis. And I'll round 10.8 million and you have about \$600,000 in the account. Okay? That's the 5.4% funding ratio and you're paying 7.3% on 10.1 million. It's actually even higher than that right now. So, and then on Fire, as you can see, we've got a million two in the investment account and on a present value basis, based on the most recent actuarial reports that Mike talked about, we owe 4.3 million. Okay? So that's some information I know that you're already aware of, but I wanted to kind of give you that backdrop here and then we'll get into kind of these, some potential solutions to look at. Go to the next page. Thanks, Lourdes. Okay. So, see the red box there, Mr. Mayor, members of the Council? Those are your amortization payments from PSPRS. So this is the "Do Nothing" scenario. And this gets updated every year, as you know, the update, all the information that Mike talked about in terms of investment returns, how that's going, and then how these actuarial changes are changing every year. So, it looks like right now, going into next budget year, you're going to have about \$700,000 in payments. See that (inaudible) bear with me, that you owe. And this is combined, yeah, this is combined, Police and Fire. And then as you can see, see how the payments go up each year? And we're estimating that they're almost going to triple, at the moment, they're going to go to about a million six thirty-nine if you look at that box down there, Lourdes. See that?

Mayor Teso: Yeah.

Mr. Reeder: So that's almost three times where we're at now. And they'll probably go higher than that. So that's a pretty steep mountain to climb, is kind of the term we've been using. Is there any way we can help chop that mountain down because that doesn't really provide for budget stability for you, does it? And a lot of demands on your General Fund, excessive demands, all cities do. They've got so, payroll, and they have infrastructure projects, insurance and all the things it takes to run a city. So, our General Funds have a lot of pressure on 'em. And you can see where you guys are headed going into the future. So, if you add all those numbers up, you see about 37 million, probably round that to about 40 million that you would pay over the next 28, 28 years. So, a lot of money. And then you can see the percentage numbers up there but I'll kind of just, I want to keep that as a framework there in terms of where we're at now. Next page. Thank you. So this is just a slide where Mike was talking about this. Tom mentioned this as well, so what are our cities doing? And, you know, it's been tough on 'em. And frankly, a lot of cities have not done a whole lot. And they adopt their policies and procedures every year as part of your budget, as you all know. And they try to throw as much money as they can, but it ends up being not enough. So the can kind of gets kicked around the, is kicked down the road, as they say. And we're not seeing very many cities, we have 90 cities. Again, I'm rounding. Tom is going to correct me here. We have 90, Tom, or?

Mr. Belshe: Ninety-one.

Mr. Reeder. Ninety-one cities out there. And they're not real receptive towards tax increases out there. I think you're aware of the City of Prescott, maybe. They, I think they were about 30% funded. And they actually, their voters approved a 1% sales tax. They're a charter city. They have to go out and get voter approval. And they're taking the proceeds of that dedicated sales tax revenue stream on a pay as you go basis

and that's how they're dealing with it. Vibrant economy, as you know, can raise millions of dollars a year from, that's how they solved that problem.

Councilman Diaz: (Inaudible) for their sales tax.

Mr. Reeder: On a 1%? You know, I don't, I, I'll get that to you ...

Councilman Diaz: (Inaudible).

Mr. Reeder: ... next time.

Councilman Diaz: The 10%, 12%.

Mr. Reeder: Oh, their total? I think they're about, what, three, probably 3.5 up there, Tom?

Mr. Belshe: (Inaudible) ...

Mr. Reeder: City of ...

Mr. Belshe: ... (inaudible).

Mr. Reeder: ... Prescott. Yeah, City of Prescott.

Mr. Belshe: Prescott's probably around two and a half.

Mr. Reeder: About two and a half.

Councilman Diaz: Two and a half?

Mr. Belshe: But you're talking about a combined county, state, ...

Mr. Reeder: Oh, yeah.

Mr. Belshe: ... (inaudible). Is that what you're asking, Council member?

Councilman Diaz: No, the, well, the sales tax was increased by 1%. The total of that sales tax is what now?

Mr. Belshe: Still 1%. They're still levying the 1%.

Councilman Diaz: Oh.

Mr. Belshe: Are you saying ...

Councilman Diaz: That, that's the whole sales tax that they're paying for everything?

Mr. Reeder: No ,no, no. Their, their total in the city is about two and a half total in the city. Local, and then on a statewide basis, about 10%. 'Cause the state is 5.6, right? And then I think they've got a jail district up there, Tom, is my recollection.

Mr. Belshe: Yeah.

Councilman Diaz: We're at 11%.

Mr. Reeder: We've talked to staff about this. We're, we're tapped out on our sales tax, right?

Mayor Teso: Yeah.

Mr. Reeder: It's not something, you know, as a policy matter that you could probably do. We need our retailers happy.

Mayor Teso: Yeah.

Mr. Reeder: Because that 3.5 million dollars in local sales tax revenues, so we, yeah, we understand.

Mayor Teso: And we can't bring any businesses in either.

Mr. Reeder: Yeah. So, the second one is to, you know, we just talked about this is amend your policy if you decide not to do this refinancing, which is number three, right? Is amend a policy, do you have enough budget capacity to throw at the problem or is there any way the City can increase taxes, very, very difficult. We know you don't want to go there on sales tax. And we're going to show you a property tax analysis just because we want to, we want to walk you through that. Or number three, what we're going to share with you what, as Tom said, some of the other cities are doing is we're refinancing out the 7.3% accrual rate that you're paying to PSPRS. Right? Now, the only good thing really of COVID is probably that we're at all time historical low interest rates. Everybody knows that. Our mortgage rates are in the two's. It's been a great time for people to refinance their mortgages. And so, COVID hit and Flagstaff recognized that we're in a very low interest rate environment and started kind of a flurry, if you will, of interest across the state in determining whether or not a particular city could go ahead and refinance the 7.3 with something significant less than that, which we've been able to accomplish. Okay? So that's really number three. Okay. Next page. This is the interest rate chart of the 10-year U.S. Treasury. We, you all know, we hit an all time low, you can see there, in March or April. And you can see the last couple of weeks they've started to inch up on us a little bit, as you, if you've been reading about and hearing about partially because there's some inflation potentially creeping into the economy. The stimulus package is inflationary. You know, we're still waiting to hear what that's going to be coming out of Congress. But all that kind of chatter, that information ...

Mayor Teso: Right.

Mr. Reeder: ... is potentially, you know, inflationary and I actually heard today that Uber came out today and it was last week was their largest increase in number of users. So, you know, things are starting to, as you know, unfreeze. And so that's what's causing the, not the end of the world, but okay, next page. Okay. Sorry about all this. This is kind of what I just went over here with you all, so I'm going to move on. I'll come back to

this, Lourdes, because I want to move on here and show, show the Council here what I hope is helpful. Okay. We have, really, two scenarios for you. We have three scenarios; do nothing, and you saw the numbers. They're going to triple unless you throw more money at it. This is a scenario for the City of South Tucson. It's all projected. It's all kind of estimated right now and we're going to have to fine tune everything. So here's the question: could the City, you know, we have July 1 up there. You see that, Lourdes? You know, between now and the next few months, could the City borrow, at about 4% money, you see the four thirteen there? Okay. Bear with me on that. Now these are taxable obligations. Could we borrow 4% and issue 14.8 million dollars. You see that number?

Mayor Teso: Right.

Mr. Reeder: And we'll deposit 14.4 million and we're going to wire that to PSPRS. Right? At which time you would be not 5% funded, you would be 100% funded. Okay? You're swapping one liability for another. Okay? We're going to take 7.3 money and we're going to swap it in our hypothetical example right now, 4%. What does that look like? If you look at the red line, that's your current payments to PSPRS that we don't like. Nobody's in favor of that. And the blue line would potentially be your new debt service, okay? And I'm going to take you to the next page. I think this is a little easier, but in column A there, the second column, there's the red line. And if we were able to sell bonds for your City and try to get 4% money, you can see that we leveled out your payments at about \$920,000 a year. Do you see what we did there? So you don't have those spikes. You don't have that mountain to climb. And then you can see the savings, Lourdes, right there. That would be your annual savings. You see it? Okay. You otherwise would have had to pay to PSPRS. So, if you go down to the green there under this hypothetical scenario, that would save the City 12 million dollars. And on a present value basis, okay, today's dollars, 6 million dollars. Okay? Now, so I like column three. Column B there. I like column B. And, but what some of our cities are doing on these pension refinancings is to the extent that they have some budget capacity, they want to pay this thing off a little bit early. So, if the City had some additional budget capacity, and I know Lourdes is working on our new forecast, and if it was possible, if you could increase those payments, let's just hypothetically assume you could throw another \$100,000 a year at it, then you're going to shorten this thing and get it off the books. Wouldn't that be nice? Okay. So that's scenario number one. Okay? Next page. Okay. Now here, because we've had to get very, you know, very creative in, in helping you with coming up with a few solutions, we threw out, this is just an idea, and you may say, "This ain't gonna work," and let's just go back to scenario number one. This is scenario number two. Okay. This is a combination of revenue bonds issued by the City and about 1.8 million dollars of a voter-approved property tax bond. Okay? Now the City's never pursued a property tax bond. It's fairly common across the street, more so for, I would say, larger cities, but with voter approval at 51%, with a property tax increase, the City could potentially borrow another 1.8 million and take the 1.8 million and wire that to PSPRS, right? And then issue a smaller amount of revenue bonds, okay. 'Cause we're just going to break them up. That's what this scenario here shows. So, you can see the pension (inaudible) see that the fourteen four ninety there, Lourdes, the GO on the left hand side is GO property tax. And the pro is your revenue bond, so it's still the same amount, but we're issuing about two million less in revenue bonds. Okay? And that'll, that'll take pressure off and we're just fabricating kind of a General Fund versus a property tax shift here a little bit. Okay? Bear with me. Alright. Next page. Okay. Now this scenario here, because is you can get it passed, and you have to go to the community and the community would have to be all in on this as a way to help the City stabilize its budget into the future, and it's a legacy fix with your citizens. It's a tad bit painful, but not, I'm going to show you a property tax amount here. It's not too bad. But it's a situation where you'd have to bring your community in the room and they would have to understand, you know, like what we all understand and they

would have to go embrace it and say, "We gotta do this." There is a certain amount of benefit associated with it. And you can see in the third column, the red column there, that's the property tax bonds. And that would be levied on the property taxes, right, not the General Fund because we need relief in the General Fund. And then you can see with that relief, we're able to pay your bonds off early and get your debt service payments at about \$940,000. So the City (inaudible) increases to about 16.2 or on a present value basis of about (inaudible). So, Mr. Mayor, members of the Council, that's a lot of numbers. And I know that's, you know, it's complicated math but I think when we ran these numbers, the way I viewed it is your General Fund relief there in that fourth column where it says "Debt Service", you know, gives you an opportunity, if you could pass the property tax bond, to kind of, you know, lower that and get this thing paid off eventually, many, many years early. Okay? Yes, sir.

Councilman Romero: What kind of money are we talking on the property increase on the property tax?

Mr. Reeder: Let's go ahead, let's go there where we calculate that for you. Okay. Alright. So, I think we shared this with you in the past. I remember we had a Saturday Study Session and some of you were in the room. Okay. So, under the Arizona Constitution, when the state was formed, they gave our cities and towns the authority to issue these property tax bonds. And our schools issue them all the time. That's how our schools are built.

Mayor Teso: Right.

Mr. Reeder: And it's limited to 20% of your net full cash value for water, sewer, lights, parks, open space, transportation and public safety purposes. Okay? That's 20% and we're estimating you have about six million dollars in essentially budget capacity or bonding capacity. And that would really be more for public infrastructure improvements. We're not talking pensions. But shift over to the 6% category. Mike Capizo, your bond attorney, has suggested, indicated to us that the City could pursue a 6% property tax bond, which you have about 1.8 million, simple math there. And if that was approved by the voters, you could issue the 1.8 million dollars, levy the property tax. And I'm going to show you in a moment, and take the 1.8 million and wire that to PSPRS to reduce that liability. So your revenue bond, 1.7, 1.8 million less, right, that's a good thing because our General Fund takes back our revenue bond. Okay. So, next page. And we can, we can, you know, recalculate this any way you want. But here's what we did just for purposes of tonight's meeting. The second column is your property tax base. And I'm sure Lourdes will share this with you, if she hasn't already, you're up 7% this year so your property grew. Not uncommon around the state. We're having, it's a seller's market, as the lady said, and we would issue the 1.8 million of bonds and you can see in column six, that's that two hundred and some odd thousand dollars per year in an annual levy. You see column six there? That's what we would have to pay back. Now it wouldn't be for a while. If we do this, we have to have a November 21 election. Coming up. Council would call it in May or June. Okay? It would be a 2022-23 levy, okay? So they would, they would get their property tax increase in '23 and you can see the tax rate in column seven. If you go all the way down to the bottom, on a 10-year level (inaudible) the most part, about 90 cents per \$100 of assessed valuation on your property tax statement. Okay? So let's go to the next page. Keep the 90 cents, I'm rounding, you plug the 90 cents into the average value of a residential home within the City of South Tucson, this came, this is off the County records, it's not market value. It's the County full cash value. At \$64,000, \$63,840, right, residential homes are assessed at 10%, so that's \$6,384. We divide that by 100 'cause tax rates are per 100. And we plug in 90 cents and it would cost the average citizens in your City \$4.79 a month. Now no property tax increase is good.

Mayor Teso: Yeah.

Mr. Reeder: But again, if it helps contribute and the community is receptive and understanding, and it wasn't anybody's fault, and we're trying to work our way out of this very precarious situation that's only going to get worse, would you support us? And if so, we're estimating that to be the case. The commercial properties assessed at a higher rate, as you all know, so we're calculating the average business, commercial property business would be about \$24.00 a month. And you could see vacant property and any agricultural designation would be \$2.25. So let me stop there. Yes, sir?

Councilman Romero: That \$4.79, is that would be by month or by year?

Mr. Reeder: That is per month.

Councilman Romero: Per month.

Mr. Reeder: That's per month. It's \$57.00 a year divided by 12 there. That's how we did that.

Councilman Romero: Okay. Thank you.

Mr. Reeder: So, that's, we haven't done this yet, Mr. Mayor. You're the first city that, that I represent where we have incorporated this feature.

Mayor Teso: Right.

Mr. Reeder: Because, you know, your options are more limited and we're just trying to look at all the options. Okay. Next page. Let's see here. Okay. Now let's talk a little bit about risks. So, in the pension bond world, there's two risks. There's investment return risk and there's actuarial risk, right, the actuarial changes you're going to have either way. And that's what Mike was talking about. How long do people live, right? How much money is coming into the system each year? What other issues are out there on that that will impact those numbers. And the other one is investment risk. So, generally speaking, if PSPRS can give you return equal to or higher than you're borrowing rate, then you're better off. Right? Okay. So, let's say we pull this off, depending upon how we do it, we got you, I'm just going to use 4% for now. And we wire that money to PSPRS and they get a return greater than you're better off. Okay? If PSPRS does not get a return greater than that, then we are worse off and we should not do a pension bond, obviously. Does that make sense? Kind of relatively simple math. So we, our clients that have done these refinancings, we've done a billion, Tucson did theirs last week at \$675,000,000. I don't know if you read about it in the paper or not. We've done about a billion. We've done seven transactions so far at about a billion. Similar conversations in our board rooms. And the clients, because of Mike's leadership, and Mike's running of the PSPRS system, our clients are comfortable, at this point, and they're more confident that PSPRS can get 'em a, a return higher than the bar where you're generally in the 7% range. Right now, their actuary, our calculations assume a return every year of 7.2% Okay? Now if you go back, I encourage, and I know Lourdes and Veronica will do this as well, if you go on their website and you look at the PSPRS historical returns, it's about a 12 billion dollar fund, right? It's a massive, it's 264 employer plans, about 12 billion, and they invested in a wide variety of things around the country and for that matter, I think even the world. Their 10-year return has been the net of all their costs

and expenses. I want to say in the high sixes. Okay? If you look at their 30-year return, it's similar. If you look at their 20-year return, they were down below four. And that was because of the great recession we had in 2008-2009. So I think in 2008-09, there was some investment returns because of what happened, real estate and some of the dot com investments that had been (inaudible) threw that thing down. So, if we decide to move forward, please study the website, talk to Mike. But all of the clients, thus far, have gotten comfort in Mike's leadership and what he's doing down there and decided to go ahead and take the risk that the fund will, will perform. So, I wanted to make that important point to you as you consider this over the coming weeks and months, if you will. Okay. Next page, Lourdes, thank you. It's been a long night, but one of the things that we've been advocating to the extent that our clients can afford it, and Mike referenced this, if we were to do a pension financing and get to 100% funding, where we wire the money, doesn't mean that we're going to remain at 100%.

Mayor Teso: Yeah.

Mr. Reeder: Right? Because our money is invested and we're hoping that those returns come in, again, in that 7% range.

Mayor Teso: Right.

Mr. Reeder: And we're hoping that the actuarials don't change too much that impact our liability. But the reality of it is more than likely there's going to be some situations some fiscal years in which you're not 100% funded again. And you're like, "Oh, here we go again." So, what we have incorporated into our transactions is a reserve fund, calculated based on actuarial and investment, you know, risks tolerance without getting super mathy and techy with you. And they've generally been about 10%, give or take, so your case, if we did the full revenue bond, that would be about 1.4 million and either over time out of your budget, start to fund that contingency reserve fund up so that if there's a surprise two or three years from now, you can tap it and then you can wire that to PSPRS and you got to replenish it. So, we've done that, so we'll continue to talk about this, but we didn't want to bore you too much other than to introduce the concept of having a contingency reserve fund as you manage this liability. Yes, sir? Mr. Diaz, do you have a question?

Councilman Diaz: I have a few, yeah. One of them is this, on the other 6% on bonds, is it possible to increase this to two and a half million?

Mr. Reeder: Go back to that slide real quick, Lourdes. So, yes, we could do a couple of things. We're tapped out at 6%. We could increase that and then as you gain capacity, 'cause you, you gain bonding capacity each year as you pay down your principal, and so you'd have a little more money there in the future to pay a couple hundred thousand dollars off the year, for a year, if you will, and then once you recoup that, you could sell some more bonds to buy down the liability. Or 20%, if you wanted a 20% category, obviously (inaudible) capacity, but we could increase the 6%, if that's your, if that's your question.

Councilman Diaz: Yeah, (inaudible).

Mr. Reeder: I thought about that, too. It's a good, that's a very good question. Let's go to the amortization schedule, Lourdes, please. Thank you. Yeah, there you go. So you see that principal column? We'd assume no growth in your tax base so you'd get a little push there in column two, but we assume no growth. But you

would start paying off, depending upon how we do that first year, let's just call it over five years. You would have another \$500,00 or \$600,000. And then build that capacity up and then sell that and fund the reserve fund or throw that at PSPRS, too. So it's not a bad idea. And we could run those numbers for you.

Councilman Diaz: The other question is there's been talk in the community about de-annexation, annexation into the City of Tucson. Would this pension just disappear or would the City of Tucson take it over?

Mr. Reeder: Well, I think that this would still be your, that would be the deal you cut but sounds like it probably be your, your liability would transfer. I don't, to be honest with you, that's a good question. I don't know how the pension would be paid if you were to annex in. You still got, you generating tax dollars locally, still, so that would be negotiations you would have with whoever you're talking to on that front.

Councilman Diaz: Fourteen million.

Mr. Reeder: 'Cause obviously, that would be a concern to them if, you know, they were to, okay, Lourdes, I think we're almost, is that, anything else in there? And then, oh, yeah, so Proposition 207 marijuana passed. And there's a formula that our cities and towns will get some of those revenues based on population once the business gets going. Who knows how, how big the business will be, but it's starting to be a pretty big business. And if it takes off, we're estimating you all would get about \$55,000 off that and that would be allocated back to your City to use for Police and Fire. So, not a whole lot of money. The other, other thing we kicked around with staff was maybe this use tax idea which we're kind of kicking around, which Flagstaff implemented a use tax.

Councilman Diaz: I've got another question.

Mr. Reeder: Yes, sir.

Councilman Diaz: How confident are you with the (inaudible) like they were saying 100%.

Mr. Reeder: Oh, yeah, well, each fund is on its own. Right?

Councilman Diaz: Right, yeah.

Mr. Reeder: So you guys are on your own, Tucson is on their own, we're all on our own. And ...

Councilman Diaz: (Inaudible) ...

Mr. Reeder: ... so ...

Councilman Diaz: ... (inaudible) thirty-seven years they come back and say, "Oh, you guys owe us some money."

Mr. Reeder: Yeah, I know, that's, that's been the frustrating part. Now, hopefully, right, hopefully, a couple things; one, the leadership of Mike Townsend and the big decision point is do you have confidence in where PSPRS is going in the future. They made some mistakes in the past. Fair? Under prior leadership, what have

you. So, new management team doing some good things, working real hard, being very transparent with us. And, to keep that fund in a good return mode, if you will. Okay? That, that's, that's the key one. The other one is these actuarial changes, I think they changed to actuaries, they're changing some of their actuarial assumptions. All the, you know, all the math going on behind the scenes, and I think, well, we're all hoping is that's going to help. So, these are all kind of variables out there that, that are still frustrating or still risk factors for us, as our cities and towns get their arms around this, this unfunded liability.

Councilman Diaz: This liability is liable to send us into bankruptcy (inaudible), you know, if we've got to do something in regards to, we can't keep taxing people forever (inaudible).

Mr. Reeder: Yeah, that's where your limited economy is starting to, starting to pinch us.

Mayor Teso: Yeah.

Mr. Reeder: So, these are some things to think about. You know, if the property tax idea is something you want to, you know, ponder and think about, you probably gotta get going on it relatively soon because the, the Council has to call the election in July, so March, April, May, June, you got about 90, 90 to 120 days to make that decision for a November 21 election. If you want it and, you know, we're still not out of, you know, we're still kind of in the middle of COVID, so is, ...

Mayor Teso: Right.

Mr. Reeder: ... is it a good time to do this? Maybe you should do it next year. I've been thinking, Lourdes and Veronica, maybe as you ponder this decision, maybe we should look at some form of a revenue bond. Maybe we don't go 100% funding. Maybe we go 75% funding and maybe get going on that, see, as, as you know, Mr. Mayor, members of the Council, my job is to bring investors in the room, banks in the room, and get them comfortable with investing in the City. That's a big job and we have to tell the City of South Tucson's story. And, you know, as we think about this, should we maybe think about doing some kind of a revenue bond to chop that mountain down, if we can, if we can get this 4% money-ish, we can evaluate it and pull the trigger, if we think it's a good thing.

Mayor Teso: Right.

Mr. Reeder: So, that's what I've been thinking about for you all. Or we, you know, pursue the GO, you know, shortly, or we don't do anything at all for a while. That's how I kind of see things. So, we're here, yeah?

Councilman Romero: Basically, that little 4% for \$4.00 tax that we're going to, thinking about doing, that would still be way below what the City, City's tax, property tax is, isn't it?

Mr. Belshe: Yeah, what's your primary?

Ms. Aguirre: Mr., Councilman Romero, the primary property tax is at 25 cents per \$100 of (inaudible) in South Tucson. What was just presented to you assumes an added 89 cents, okay? So, that would bring it to what, to around 90 cents of, a dollar ten?

Councilman Romero: Yeah, a dollar and change.

Mayor Teso: Yeah.

Ms. Aguirre: City of Tucson pays a combined primary and secondary at \$1.50, \$1.60. So, that's just to show you the comparison.

Councilman Diaz: They also have a million residents, so (inaudible). The other thing is I noticed that the value for tax purposes only in property tax, I think the newspaper's reporting something like \$110,000 per, median, median home value.

Unknown: In South Tucson?

Councilman Diaz: Well, generally, thinking Tucson.

Unknown: Yeah.

Councilman Diaz: We're always included in that.

Mr. Reeder: This is directly from the County. The 65 for the City of South Tucson. Yeah. It's a average value.

Councilman Diaz: The homes around here are going around \$110,000 to, well, there was one ...

Mr. Reeder: Good point. So this is about 18 months old. Remember how the County has to catch up. They're about a year behind, eighteen months, so when we do the voter information pamphlet, if we decide to go, we use the most recent values. And that's the number that they would see in the pamphlet. But, fair question, and you're probably right. It is up.

Councilman Diaz: Thank you.

Ms. Moreno: If I may, Mayor, members of the Council, in referring to the question that Councilman Diaz just asked Mark. So, would there be (inaudible) the assessed value and the fair market value?

Mr. Reeder: Yes.

Ms. Moreno: So you would be actually using the assessed value ...

Mr. Reeder: Yes.

Ms. Moreno: ... to run your numbers first is what Councilman Diaz was referring to as far as the market value ...

Mr. Reeder: That's correct.

Ms. Moreno: ... from being sold. So then it would actually not be the value that he's referring to ...

Mr. Reeder: Yes.

Ms. Moreno: ... but the assessed value.

Mr. Reeder: Yeah. The County value, they call it the full cash.

Ms. Moreno: Right.

Mr. Reeder: In the old days before Prop 117, it would be about 85% of market. So, you know, 'cause they discount ...

Councilman Diaz: Yeah, we just got mailed our, our ...

Mr. Reeder: Yeah.

Councilman Diaz: ... tax information (inaudible).

Mr. Reeder: Yeah, I just got mine, too, yeah. So, was that helpful?

Vice-Mayor Lopez: Yes.

Mayor Teso: Certainly is.

Mr. Reeder: It's, it's very complicated math and, but if you have any other ideas, you know, we're all in this together. That's, that's the ideas that we came up with and I would, I would encourage you, if you think this property tax idea is something you want to consider and maybe form a committee, a citizen's committee of the Council, subject to open meeting laws and get them in the room and then they'll understand. And if they want to support it, then they'll ask you to call the election, right, the citizens will ask you to, and then they will disband. And then they go form a pro-bond, or pro-committee and they're knocking on doors. And they probably, you need to know exactly the number of votes you need. You need 200 votes, Lourdes, 400 votes. What do you, what do you think you need, Lourdes? To get to fifty-one.

Ms. Moreno: I think it would probably be ...

Mr. Reeder: So, ...

Ms. Moreno: ... about 350, between 350 and 400.

Mayor Teso: Yeah.

Mr. Reeder: So, you need 400 votes to get to 51%. Can you do it?

Acting Mayor Oyegbola: Mr. Mayor, just a quick comment. The, the (inaudible) present value (inaudible) when I see it as just think of the City, I think of the future of the City. And that's what I see. That's why

(inaudible) because it's, it's, we've been making difficult decisions since I've been here as an intern, so it just, you know, when you live here and you see people and you see, and you want great things for the community like this, it's a, I don't know, I'm just taking it in right now.

Mr. Reeder: No, I, no, we appreciate that. You know, we've asked Tom if we can go to the state and get help. And I, my understanding the state's not going to be in a position to help our cities out with a pension issue. Now I could be wrong, but that's kind of what the tea leaves say. This would be nothing for the state to help out, but, yeah, Mr. Lopez.

Vice-Mayor Lopez: Would, I forget, okay, (inaudible) went out of.

Mr. Reeder: So, it's, it's a big, you got a lot on your shoulders. And you saw the payments are going to triple. And so, how is that going to be addressed, is what we're all in the room, you know, grappling with here a little bit. But I hope this is helpful, think about it and then we can continue to work with staff ...

Mayor Teso: (Inaudible).

Mr. Reeder: ... (inaudible).

Vice-Mayor Lopez: So, my question is eventually that as we pursue the bond, if that's the case that we're going to do, that, more or less, would be sort of like the price that we have to pay to keep our services going in the future, and as well focus on the current situation as we're ...

Mr. Reeder: Yeah.

Vice-Mayor Lopez: ... progressing to the future.

Mr. Reeder: Right.

Vice-Mayor Lopez: And that's one of the things that if we can sell the usage of our services as part of this, you know, 'cause if they turn it down and it goes away, then they're the ones to blame for whatever ...

Mr. Reeder: This, ...

Vice-Mayor Lopez: ... happens.

Mr. Reeder: ... this, this payment gets made first. This is constitutionally protected payment coming out of your, but it gets paid first.

Mayor Teso: Right.

Mr. Reeder: So, you're right. Revenues, you got to pay this. And if there's no more additional revenues, you know, then you're not, you're going to have to cut your budget.

Vice-Mayor Lopez: Yeah. Okay.

Mr. Reeder: So, you know, that's why, again, on this refinancing concept, if we, Lourdes, go back real quick. Yeah, scenario number one.

Ms. Aguirre: One or two?

Mr. Reeder: One for now. Go onto the next page there. So, if you wanted to pursue the GO, and the GO failed, right, 'cause you can't guarantee it's going to happen. You hope it would to help you out. Then we're back to this scenario. And the blue line and our new payments, right, which I think you like, and as long as we can bring in an investor in here to sell the bonds to at 4% money, give or take, when we get to that blue line, go to the next page there, Lourdes. You know, you see the nine hundred, and you're paying seven hundred now, we're not going to, we're not going to go above what your payments would be there. You can see that how it's going to get to a point we're going to level that out at nine hundred and twenty, nine hundred and fifteen thousand, right? So, that, that comes out of the budget first. And you do your revenue projections, right? And, if for some reason your revenue projections come in short or what have you, then that's where you're going to have to start cutting other services. Now, if you have some budget capacity to pay this thing off a little bit early, that would be wonderful.

Vice-Mayor Lopez: I have a question.

Mr. Reeder: Yeah.

Vice-Mayor Lopez: On page 12 where you have, on the bottom graph where it says "Results impact an annual pension plan, A, UAAL payments," so, the actual savings can actually start off from 2031, according to this chart here.

Mr. Reeder: Yeah.

Vice-Mayor Lopez: Now, can we use some of this money to pay some of the debt that were savings?

Mr. Reeder: Yeah. Yeah, that's what we're doing. The GO, on this scenario, you're on scenario 2, which ...

Vice-Mayor Lopez: Yes.

Mr. Reeder: ... incorporates the property tax idea.

Mayor Teso: Right.

Vice-Mayor Lopez: Right.

Mr. Reeder: That, that allows us to pay it off early. You see that?

Vice-Mayor Lopez: Yes.

Mr. Reeder: That's why I thought it was an attractive feature. I wish you had more than 1.8 million.

Mayor Teso: Yeah.

Mr. Reeder: Maybe what we should do, if you want to (inaudible), and get, this gets back to your citizens, is have an election for 2.2 million. We take what we can get. We take the 1.8, transfer it, and then as we recoup our capacity, in two or three years we'll do another smaller bond sale, Lourdes, and then we'll have that money to throw at it. Alright? Now one other idea we kicked around to staff for that 20%, 6%, okay, so on the capital side of the equation, right, you all, you all have, you don't spend a lot of money on capital, do you? You don't spent a lot of money on streets.

Mayor Teso: No.

Mr. Reeder: Correct me if I'm wrong. You got some HURF money. Okay. You know, but I don't think you're doing a lot of capital improvements. And you probably, you probably have some police vehicles. You probably have some fire vehicles. Help me out here. You may need to do some improvements to your City Hall, right? Whatever.

Mayor Teso: Yeah.

Mr. Reeder: Another idea that we kicked around with Veronica is go out and get some 20% capacity for your street improvements. I'm just making things up. Whatever the, the needed things; rolling stock, fire trucks, fire, you know, public safety. And that rings well in the community. And then issue bonds for that. And would that free up any General Fund money 'cause at some point, you're going to have to spend some General Fund money on equipment, aren't you?

Vice-Mayor Lopez: Yes.

Mr. Reeder: Would that be another idea? And we could stretch that bond out over a longer period of time and lower that tax rate. And maybe get a couple of million dollars for capital improvements 'cause that rings well with our citizens, right? That's another idea that we kind of kicked around. You know, we can do a combination of both. We could do 1.8 million at 6% money, and we can go get, you know, again, being (inaudible) sensitive here, but we can go get 1.5 million for improvements. And keep that tax rate at \$6.00 or \$7.00 a month. Amortize it a little longer 'cause that stuff lasts longer. So, if you want to see those scenarios in our next Study Session, let me know. I know there's a lot, you guys have taken a lot in tonight. Maybe Lourdes can give us an idea on how much if we were to get some 20% bonding, could you free up \$100,000 or \$150,000 a year to help us with the PSPRS payments. So.

Councilman Diaz: Excuse me. That would be approximately \$12.00 a month? (Inaudible) ...

Mr. Reeder: You tell me what you want it to be and we can, 'cause remember on a capital, on these General Obligation bonds, we can stretch 'em out. Right? Most, most of our property tax bonds are done over 20 years because you want future generations to help pay for infrastructure that lasts a long time. So, if we stretch it out like a mortgage, we lower that tax rate. And we can, on the 6% money, we did it over a 10-year period, 'cause again, we're trying to get some of that off the books. We get (inaudible) a little bit, too, when we're 12 years or maybe shorter, or whatever. If you have an objective of having a, you know, \$6.00 or \$8.00

a month, we can figure that out. You know, and again, COVID, you know, and I know your community has been hit hard by COVID. And confidence is down, you know, across the country and we need to, we need a, a confident electorate. They, they want to feel good about their, you know, financial future and with this COVID thing, it's just really hit people hard, so that's a tough one right now. But you could give it a shot. If it fails, you can come back.

Vice-Mayor Lopez: Pursue it again.

Mr. Reeder: And then in the meantime, maybe we could try to figure out a revenue bond, or we wait and do it all at the same time. So, alright. Anything else, Veronica?

Ms. Moreno: No.

Mr. Reeder: Good questions.

Ms. Moreno: Thank you, Mark. And like, like Mark mentioned, there is a lot of work behind it. Thank you to you and your staff and Mike Townsend and Rene Guillen and Tom Belshe for coming down. There is a lot to take in and it's really complex. It, there's a lot of methodology behind putting all these numbers together and putting forth this presentation and it took me a while to get a good grasp of it. I kept turning around and looking at Lourdes (inaudible). But there are, like Mark indicated, there's the "do nothing" option where, I mean, we don't want to go with the "B" word, but Councilman Diaz had mentioned. And I know Mike refrained from mentioning it, but, 'cause we don't want to talk about that. But there's two scenarios and two options; one option is where you would not go and ask property owners, you know, to help you out, which would still be an option.

Mayor Teso: Right.

Ms. Moreno: But there's a lot to take in if you would, you'd like to do. And then there's the option with going back to the drawing board and seeing how much if you would tweak that number on the property taxes would it bring in not only to help on this issue, but to help with the local infrastructure and help with equipment and things like that. I mean mentioning, you know, our streets, our lights, our sidewalks, I mean that's kind of been neglected for decades now.

Mayor Teso: Yeah.

Ms. Moreno: And there's just only so much in our limited budget that we can use to pay for it. I mean as it is, there's 25 cents to the \$100 value, which is going to generate, right now, \$55,000 a year, which is not enough to pay for a police officer, entry level, and not near enough to pay for a fire fighter. So, I've mentioned this in the past that we are at the lowest staffing levels on record, on record. We rely on Reserves to provide coverage in our Fire Department. We've lost about two officers, well, I'll say three now, within the last couple of months, so now we're really going to have to aggressively start to recruit for officers and we're the lowest, lowest paid department in the State of Arizona. So, it's very, very challenging to hire officers. It does put an additional burden on the Police Department to act. Those of us that are still here or, in fact, the officers to work more overtime. And to, you know, try to work around that 24/7 operation. So, there is a lot of other factors that are driving this issue. But, in the long-term, what we want to do is provide the community with

essential services. And we want to provide them at optimal levels and we can't always be relying, you know, with the other jurisdictions like City of Tucson and Pima County. I think that, you know, all jurisdictions should be able to provide their own services. Of course, there's always going to be, you know, local counties that help out with grants or other methods, but we definitely need to look at this and, you know, there is a timetable if you'd like to consider putting that on the ballot. Otherwise, you know, Mark can come back and tweak those numbers, as Councilman Diaz indicated.

Mayor Teso: Right. So, July, the date right now.

Vice-Mayor Lopez: Cut-off date.

Mayor Teso: The cut-off date, right. To, to get a bond out there to the community.

Ms. Moreno: For what, what he presented, yes.

Mayor Teso: Okay. Lourdes?

Ms. Aguirre: But essentially, Mr. Mayor, members of the Council, essentially, these two options are really good options to consider. I mean this is very telling right here on this graph. This is what we've been struggling for the last couple of years. This red line here, and it keeps on hiking up further, further, further, further. I remember when I first started working for the City, the contribution rates were a match. It was like 10%. So that's 10 cents on a dollar that you're paying in salaries to your Fire and to your Police. Now, because of this rising amount in here, you're paying about a \$1.20 on the dollar on the Police side, and \$3.50 on the Fire side. And your, and all you have is Reserves. Okay? So, ...

Mayor Teso: That don't show up.

Ms. Aguirre: ... the way we've done it is to really restrain our spending. I mean you see it every year 'cause the struggle. We have to account, by law, you guys passed the pension funding policy, which is posted online where Mayor and Council is promising that you're going to pay whatever is indicated by PSPRS, right? So, last year, you all adopted the budget for this year. It was, or the year before, for \$750,000. That's indicated on here. Okay? And so, really, that's going to continue to go up, go up, go up. Yes, our sales tax base has maintained healthy, even through COVID. However, it is limited. And we are tapped out on the sales tax side. As we continue to increase with these expenditures, with this liability, you know, it really puts a strain on the budget. You can't provide service to the community the way you want to, the way you need to, the way they deserve.

Mayor Teso: Right.

Ms. Aguirre: Okay? So, these are two really good options because can you, you know, get a loan, a bond to pay off on this debt? Then you'd be stuck with a more stable, predictable payment year over year, as you see right there with those blue lines. And all of this green right here, potential savings, which you can then redirect into your budget, into helping, you know, restructure your departments and provide the service that the community deserves.

Mr. Reeder: Hey, Lourdes, go to page 6 real quick. So, this is your Tier 1, Tier 2 payroll. If you look on page 6 of your handouts, Mr. Mayor, members of the Council, this came from PSPRS so second column is your Tier 1, Tier 2 payroll. You see that? So, as people start to come off the books on Tier 1, Tier 2, over the years, let's just, let's just go out to 2030, you're paying four, it's about \$493,000. Lourdes, you see that? And then in 10 years from now, you're down to about \$300,000, right. That's because, as I understand it, the Tier 1 and Tier 2 employees are, you know, your payroll is going down 'cause people pass on, or whatever, however the actuarial math works. So, that may be a little good news for us, if you think about that. And then if that frees up a little bit of budget capacity, right, and maybe we could go ahead and, you know, try to shorten this, this thing if we end up doing a, some kind of a revenue bond. Does that make sense?

Ms. Aguirre: Absolutely.

Vice-Mayor Lopez: Yeah.

Mr. Reeder: So, thank goodness we had the Constitutional, we had the election to, to change the Tier to, to the Tier 3 category. Right? We'd be in real trouble right now. 'Cause Tier 1, Tier 2 is now closed off. Now we're Tier 3. More manageable, but we're still dealing with this page right here. That's our challenge. So, think about that Tier 1, Tier 2 payroll over time if that starts to wind down, maybe that will give us some budget relief going into the future. And then remember, we're going to have our revenue bonds paid off, I think, in '34, right? So our, our pressure point is the next 11, 12 years, as we get that prior debt paid off at \$600,000 a year. And we deal with the Tier 1, Tier 2 liability, so, well, think about it. And then we'll come back maybe next month, kick this Citizen's Committee idea around, start thinking about if that's something you want to do, who you would want to be on it, people that are passionate, that care and want to help with the legacy issue. Then we'll, we can rerun the numbers. So with that, any more questions I can help you with? Thank you for your patience.

Mayor Teso: Thank you.

Vice-Mayor Lopez: Thank you.

Mr. Reeder: Great questions.

Mayor Teso: Appreciate you coming down here.

Mr. Reeder: Okay. We'll see you in a few, in a month or so, or just let us know. Thanks a lot.

Ms. Moreno: Thank you, Mark.

Ms. Aguirre: Thank you, Mark.

Mayor Teso: Have a good evening.

Mr. Reeder: Take care of your staff, Mr. Mayor, they're wonderful.

Mayor Teso: Will do. I know.

Mr. Reeder: A lot of trust in situations like this from all parties and having a great staff and a very caring City Council, a good City Attorney, it means a lot, so good job on that. See you guys later.

Mayor Teso: Thank you. Okay. If we have no other questions or anything, we'll move onto Adjournment.

ITEM #09 – ADJOURNMENT

Mayor Teso: Do we have a motion?

Councilman Romero: You got it. Motion.

Vice-Mayor Lopez: Second.

Mayor Teso: Mr. Romero.

Councilman Romero: Aye.

Mayor Teso: Ms. Romero.

Mr. Yu: Mayor, members of the Council, can the motion actually be stated?

Councilman Romero: We gotta get technical. I make a motion we adjourn.

Acting Mayor Oyegbola: Second.

Mayor Teso: Okay. Mr. Romero.

Councilman Romero: Aye.

Mayor Teso: Ms. Romero.

Councilwoman Romero: Aye.

Mayor Teso: Mr. Diaz.

Councilman Diaz: Aye.

Mayor Teso: Mr. Oyegbola.

Acting Mayor Oyegbola: Aye.

Mayor Teso: Mr. Lopez.

Vice-Mayor Lopez: Yeah.

Mayor Teso: Aye. We are adjourned.

The meeting adjourned at p.m.

Mayor

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the City Council of South Tucson, Arizona, held on the 2nd day of March, 2021. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2021.

Veronica Moreno, City Clerk

REGULAR MEETING: MARCH 16, 2021

**ITEM NO. 08: DISCUSSION AND POSSIBLE APPOINTMENT TO TUCSON PIMA COUNTY
HISTORICAL COMMISSION**



CITY COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers **MARCH 16, 2021**

FROM: Veronica Moreno, Interim City Manager/City Clerk

SUBJECT: APPOINTMENT TO TUCSON PIMA COUNTY HISTORICAL COMMISSION

AFFECTED DEPARTMENTS: MAYOR AND COUNCIL

TITLE OF AGENDA ITEM NO.08: APPOINTMENT TO TUCSON PIMA COUNTY HISTORICAL COMMISSION

AGENDA ITEM #12: TUCSON-PIMA COUNTY HISTORICAL COMMISSION APPOINTMENT

The Tucson-Pima County Historical Commission advises the governing bodies of the County and the City of Tucson on historical activities and sites, and to organize historical activities in the community.

Membership Information: 23 members: 10 Pima County (2 from each Supervisorial District), 12 City of Tucson and 1 City of South Tucson. Member shall not be employees of appointing jurisdictions.

The City South Tucson representative to the Tucson Pima County Historical Commission has been vacant since 2017.

Tucson-Pima County Historical Commission Executive Director Demion Clinco has recommended and nominated Carlos Lozano. He is a public and social historian who works to document the everyday history of our community. Although he does not live in the City of South Tucson, (which is not a requirement) he at one time served on the commission representing Tucson's ward 5. He is an excellent communicator and will keep the Mayor and Council updated and informed on opportunities for partnership, funding, planning, and the activities of the commission.

Attached is Mr. Lozano's biography outlining his experience and advocacy as a former member to the Tucson-Pima County Historical Commission.

RECOMMENDATION(S): MOVE TO APPROVE TO APPOINT MR. CARLOS LOZANO FOR A FOUR-YEAR TERM AS THE CITY OF SOUTH TUCSON'S REPRESENTATIVE ON THE TUCSON-PIMA HISTORICAL COMMISSION EFFECTIVE MARCH 16, 2021.

City Manager Concurrence:

CARLOS LOZANO

Carlos Lozano was born in Chicago, and was taught at a young age to appreciate the built environment by his father, architect Adrian Lozano. Together they watched as urban renewal and gentrification replaced vibrant ethnic communities, and much of Chicago's historic architecture. The 1970's also had a strong "back to nature" philosophy. The Lozano family camped often, and it was the beauty of the Southwestern Desert, not architecture, that eventually lured Carlos to Tucson in 1985.

In Tucson, he founded an engineering search firm, and the flexible hours of recruiting allowed exploration of other interests. Appalled by the "newer is better" development philosophy common in the West, he began working with local Historic Preservation efforts whenever possible, including wonderful "lost causes", like comprehensive plans to save Tucson's last drive-in movie theater, and Tucson's last independent, hand-built, mini-golf course.

Lozano served a full 8 year term on the Tucson-Pima County Historical Commission (2008-2016), and continues as Citizen Advisor on transportation issues. He chaired the Historic Landmark Sign committee which successfully amended Tucson's Sign Code, allowing and encouraging preservation of vintage neon. He studied Neon / Illuminated Sculpture at "The Crucible" in Oakland under Christian Schiess.

Lozano is one of the Arizona Historical Society's longest tenured Library & Archives volunteers, helping patrons and teaching workshops on historic property research. He gives presentations, consults, and writes on a variety of local history topics. His website, VanishingTucson.com, has over 1000 members and is currently transitioning into a platform to host his many oral history recordings.



MAYOR
BOB TESO

INTERIM CITY MANAGER
VERONICA B. MORENO

VICE MAYOR
HERMAN LOPEZ

ACTING MAYOR
AKANNI OYEGBOLA

COUNCIL MEMBERS
PAUL DIAZ
RITA ROGERS
ANITA ROMERO
ROBERT ROMERO

1601 SOUTH 6TH AVENUE
SOUTH TUCSON, ARIZONA 85713
(520) 792-2424
FAX (520) 628-9619

Loyalty Oath of Office

STATE OF ARIZONA
COUNTY OF PIMA

I, _____, do solemnly swear (or affirm) that I will support the Constitution of the United States, the Constitution and Laws of the State of Arizona, and the ordinances, resolutions and rules and regulations of the City of South Tucson, Arizona; that I will bear true faith and allegiance to the same, and defend them against all enemies, foreign and domestic, and that I will faithfully and impartially discharge the duties of (my office) the office of member, Pima County - City of Tucson Historical Commission of the City of South Tucson, Arizona, according to the best of my ability. So Help Me God (or So I Do Affirm).

Signature of Officer, Employee, or Member of a Board,
Committee or Commission

Term of office: **March 16, 2021**, through and including **March 16, 2025**.

Subscribed and sworn to before me this _____ day of _____, 20 _____

City Clerk, City of South Tucson, Arizona

(or Notary Public)

My Commission Expires:

Filed in the Office of the City Clerk of the City of South Tucson, State of Arizona, and recorded in the Registry of Oaths this _____ day of _____, 20 _____

REGULAR MEETING: MARCH 16, 2021

**ITEM NO. 09: HOSTILE WORK ENVIRONMENT TRAINING – LAW OFFICES OF PIERCE
COLEMAN**

REGULAR MEETING: MARCH 16, 2021

**ITEM NO. 10: OPTIONS RECAP, DISCUSSION & DIRECTION: PUBLIC SAFETY PERSONNEL
RETIREMENT SYSTEM (PSPRS) PENSION DEBT PRESENTATION MARCH 2, 2021**



CITY COUNCIL AGENDA REPORT

March 16, 2021

TO: Mayor and Councilmembers
FROM: Lourdes Aguirre, Finance Director
SUBJECT: Public Safety Pension Debt
AFFECTED DEPARTMENTS: Public Safety / City-Wide
ITEM REQUEST: Recap, Discussion & Direction

TITLE OF AGENDA ITEM:

OPTIONS RECAP, DISCUSSION & DIRECTION: PUBLIC SAFETY RETIREMENT SYSTEM (PSPRS) PENSION DEBT PRESENTATION MARCH 2, 2021

EXECUTIVE SUMMARY:

The purpose of this report is to resume the discussion of pension debt with Mayor & Council as well as the options presented on March 2, 2021 by Financial Advisor Mark Reader and team (Stifel), PSPRS Director Michael Townsend and introduction by Tom Belshe, Director of Arizona League of Cities and Towns. The attached outline covers the following points and references certain pages from the March 2nd presentation:

- 1.) Pension Debt Overview – Current Liability
- 2.) Review of options presented by Financial Advisor Firm – Stifel
- 3.) Transferring debt to pension bonds – benefits and risk
- 4.) How to mitigate the risk: Contingency Reserve Fund (CFR)
- 5.) Upcoming Projects
- 6.) Mayor & Council – Questions, Discussion, Direction

RECOMMENDATION(S): Discussion, Direction

Attachment(s): Outline (3 Pages)

City Manager Concurrence: _____

A handwritten signature in blue ink, appearing to read "J. [unclear]", written over a horizontal line.



OUTLINE: March 16, 2021

OPTIONS RECAP, DISCUSSION & DIRECTION: PUBLIC SAFETY RETIREMENT SYSTEM (PSPRS) PENSION DEBT PRESENTATION MARCH 2, 2021

1.) PENSION DEBT OVERVIEW – CURRENT LIABILITY

Unfunded Actuarial Accrued Liability (UAAL) = \$14.4 Million
(UAAL for both South Tucson Police and Fire Combined)

Total UAAL Amortization (Year 2022 – 2050) = \$37.5 Million
Based on 7.30% rate of accrual.

**3/2/2021 Stifel Presentation, Pg. 5*

	Police	Fire	Total
Unfunded Liability at 07/01/2021	\$10.98 Million	\$3.47 Million	\$14.4 Million
Funded Percentage	5.4%	28.1%	

**3/2/2021 Stifel Presentation, Pg. 7*

Impact on Budget:

Fiscal Year Ending	Annual Required Contribution (ARC) Combined
6/30/2022	\$732 K
Average: 6/30/2024 & 6/30/2025	\$890 K
Average: 6/30/2026 – 6/30/2030	\$1.1 M
Highest payments will reach average...	\$1.9 M

2.) OPTIONS PRESENTED BY FINANCIAL ADVISOR FIRM – STIFEL, MARCH 2, 2021

OPTION 1 – PENSION REVENUE OBLIGATION (PRO) BONDS
Expected Cash Flow Savings = \$12.6 Million

OPTION 2 – PENSION REVENUE OBLIGATION (PRO) BONDS + GENERAL OBLIGATION (GO) BONDS
Expected Cash Flow Savings = \$16.2 Million

OPTIONS REVIEW

Description

Revenue Obligation Bonds – supported by revenue from a specific project (fee or tax)

General Obligation Bonds – supported by revenue levied through secondary property tax (requires election)

OPTION 1 - PENSION REVENUE OBLIGATION (PRO) BONDS

SAVINGS (Expected Cash Flow) = \$12.6 Million

Total Debt Service Amortization (Year 2022 – 2050) = \$24.8 Million

Based on average 4% interest rate.

Impact on Budget:

Fiscal Year Ending	Debt Service Payment (General Fund)
6/30/2022	\$671 K
Average: 6/30/2024 & 6/30/2025	\$875 K
Average: 6/30/2026 – 6/30/2030	\$916 K
Highest payments will reach average...	\$915 K

**3/2/2021 Stifel Presentation, Pg. 12*

OPTION 2 – PENSION REVENUE OBLIGATION (PRO) BONDS + GENERAL OBLIGATION (GO) BONDS (10 years)

SAVINGS (Expected Cash Flow) = \$16.2 Million

Total Debt Service Amortization (Year 2022 – 2042) = \$21.2 Million

Based on average 4% interest rate.

Fiscal Year Ending	Debt Service Payment Source:	
	General Fund	Secondary Property Tax
6/30/2022	\$667 K	
Average: 6/30/2024 & 6/30/2025	\$883 K	\$227.8 K
Average: 6/30/2026 – 6/30/2030	\$940 K	\$225.9 K
Highest payments will reach average...	\$940 K	

**3/2/2021 Stifel Presentation, Pg. 14*

3.) TRANSFERRING DEBT TO PENSION BONDS... BENEFIT AND RISK

**3/2/2021 Stifel Presentation, Pg. 18*

a.) **Benefit**

- 100% funding with PSPRS
- Lower cost of future hiring

b.) **Risk**

- If PSPRS Board and Actuaries revise assumptions such as return on investment rates, mortality tables, pension benefits...
Small debt may begin to accrue once again.

4.) HOW TO MITIGATE THE RISK: CONTINGENCY RESERVE FUND (CRF)

a.) **Options** to create a Contingency Reserve Fund

- Add a specified (conservative) amount to PRO Bonds
increases debt level and increase the annual debt service payment
- Utilize a specified (conservative) amount from CARES FUND

b.) **Benefits** of creating a Contingency Reserve Fund

5.) **UPCOMING PROJECTS**

REVENUE PROJECTIONS & 5 YEAR EXPENDITURE
ESTIMATES (GENERAL FUND)

6.) **MAYOR & COUNCIL – QUESTIONS, DISCUSSION, DIRECTION** **Items for consideration:**

- 1.) What is the overall financial goal? short term? long term?
- 2.) What is the Pro's and Con's?
- 3.) What is overall organizational goal and how do these options?


REGULAR MEETING: MARCH 16, 2021

ITEM NO. 11: RESOLUTION NO. 21-03 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING AN EXTENSION OF THE INTERGOVERN-MENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]



CITY COUNCIL AGENDA REPORT

March 16, 2021

TO: Mayor and Councilmembers
FROM: Lourdes Aguirre, Finance Director 
SUBJECT: Resolution No. 21-03
AFFECTED DEPARTMENTS: City-Wide
ITEM REQUEST: Pima County IGA - FY 2020 CDBG Award

RESOLUTION NO. 21-03 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING AN EXTENSION OF THE INTERGOVERNMENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]

EXECUTIVE SUMMARY:

On March 3rd, 2020, Mayor & Council approved the FY19/20 Community Development Block Grant award which was for \$268,000, expiring September 30, 2020. However, the City requested an extension for the areas highlighted below (JVYC Facility Upgrades and NRSA). The extension has been granted through the September 30, 2021.

Program	FY18/19 Award	FY19/20 Award	Difference
Administration (15%)	\$35,000	\$30,000	(\$5,000)
Bicycle Safety Program	\$10,000	\$10,000	\$0.00
Code Enforcement	\$13,000	\$10,000	(\$3,000)
Community Cleanup	\$11,000	\$5,000	(\$6,000)
Community Policing	\$30,000	\$28,000	(\$2,000)
Fire Safety Equipment	\$36,000	\$20,000	(\$16,000)
Youth & Family Asst.	\$100,000	\$100,000	\$0.00
JVYC Facility Upgrades	\$0.00	\$40,000	\$40,000
Neighborhood Revitalization Strategy Area Plan (NRSA)	\$0.00	\$25,000	\$25,000
Grand Total	\$235,000	\$268,000	\$33,000

RECOMMENDATION(S): Approve the Intergovernmental Agreement extension between the City of South Tucson and Pima County for CDBG funds.

Attachment(s): Resolution 21-03 (2 pages) and CDBG IGA Extension Between Pima County & The City of South Tucson (3 pages)

City Manager Concurrence: 



CITY OF SOUTH TUCSON RESOLUTION NO: 21-03

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING AN EXTENSION OF THE INTERGOVERNMENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]

WHEREAS, the CITY and the COUNTY may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951, *et seq.*; and

WHEREAS, the CITY and the COUNTY are authorized pursuant to A.R.S. §§ 9-500.11, 11-254.04, 11-251 (5) and (17) to expend public monies to improve the economic welfare and health of the inhabitants and for and in connection with economic development activities; and

WHEREAS, the CITY and the COUNTY are authorized pursuant to A.R.S. § 36-1403 to exercise certain powers relating to housing projects; and

WHEREAS, the COUNTY submitted an application consisting of the Annual Action Plan to the U.S. Department of Housing and Urban Development ("HUD") which included the CITY's project proposal and were approved; and

WHEREAS, on March 3rd, 2020, the CITY Mayor and Council entered into an Intergovernmental Agreement with COUNTY for an amount not to exceed \$268,000.00 allocated to various programs during the period of October 1, 2019 to September 30, 2020; and

WHEREAS, the COUNTY has approved an extension of the Intergovernmental Agreement through the end of September 30, 2021, allowing the CITY to fully utilize funds originally appropriated to the Neighborhood Revitalization Strategy Area Plan "NRSA" (\$25,000.00) and JVYC Facility Improvements (\$40,000.00); and

WHEREAS, the CITY has determined that it is in the best interest of the residents of the City of South Tucson that CDBG funded activities be performed in accordance with the provisions of this "IGA" and as provided in the Pima County's Annual Action Plan submitted to the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, it is mutually beneficial for the CITY and the COUNTY to enter into this Intergovernmental Cooperative Agreement for the Community Development Block Grant Program activities authorized therein.

THEREFORE, NOW BE IT RESOLVED by the Mayor and Council of the City of South Tucson, Arizona, that the City hereby formally approves and adopts the IGA and authorizes the Mayor of the City of South Tucson to execute this Resolution, the IGA and any related documents necessary to implement the agreement.

PASSED AND ADOPTED by the Mayor and Council of the City of South Tucson, Arizona, this 16th day of March, 2021.

APPROVED/EXECUTED

MAYOR, BOB TESO

ATTEST:

APPROVED AS TO FORM:

City Clerk, Veronica B. Moreno

City Attorney, Bobby Yu, Esq.

Pima County Department of Community and Workforce Development

Program: Management and Implementation of the Community Development Block Grant (CDBG) Program

Contractor: City of South Tucson
1601 South 6th Avenue
South Tucson, Arizona 85713

Contract No.: CT-CR-21-231 (formally CT-CD-20-248)

Contract Amendment No.: One (1)

Original Contract Term:	07/01/19-09/30/20	Orig. Contract Amount:	\$268,000.00
Termination Date Prior Amendment:	N/A	Prior Amendments Amount:	-0-
Termination Date This Amendment:	09/30/2021	This Amendment Amount:	-0-
		Total Amount:	\$268,000.00

DUNS No.: 020681557

Research or Development: ☐ Yes ☒ No

Federal Contract No.: B-19-UC-04-0502

Required Match: ☐ Yes ☒ No **Match Amount:**

Indirect Cost Rate: ☐ Federal ☐ NICR ☐ de minimis ☒ None

Status of Contractor: ☒ Subrecipient ☐ Contractor

CFDA	Program Description	Nation Funding	Pima County Award
14.218	Community Development Block Grant (CDBG)	FY19 \$3,365,000,000	FY19 \$2,945,544.00

AMENDMENT NO. ONE (1)**1.0 BACKGROUND AND PURPOSE.****1.1. Background.**

- 1.1.1. On May 7, 2019, Pima County ("County") and the City of South Tucson ("Subrecipient") entered into the above-referenced Intergovernmental Agreement.
- 1.1.2. Pursuant to the terms of the Agreement, Subrecipient must implement the 2020-2024 Neighborhood Revitalization Strategy Area Plan ("NRSA") to further economic development, neighborhood revitalization, and access to and utilization of social, health and economic opportunities in the City of South Tucson.
- 1.1.3. Pursuant to the terms of the Agreement, Subrecipient must complete Facility Improvements at the John Valenzuela Youth Center ("JVYC").
- 1.1.4. Community Development Block Grant ("CDBG") funds in the amount of \$25,000.00 were appropriated for the NRSA and \$40,000.00 for Facility Improvements.

1.2. County Organization. Effective July 1, 2020:

- 1.2.1. Pima County Community Services, Employment and Training Department and Pima County Community Development and Neighborhood Conservation Department are restructured to form the Department of Community & Workforce Development ("CWD").
- 1.2.2. This Agreement will be renumbered to CT-CR-21-231, but all terms and conditions, except as amended herein, remain unchanged.
- 1.2.3. Any reference in the Agreement to Community Development and Neighborhood Conservation; or CDNC, will mean the Department of Community & Workforce Development ("CWD").

1.3. Purpose.

- 1.3.1. Under the terms of the Agreement, Subrecipient is required to engage the public through public meetings and presentations and the recruitment of volunteers culminating in the completion of the NRSA for the City of South Tucson for inclusion in the City of Tucson/Pima County CDBG Five Year 2020-2024 Consolidated Plan.
- 1.3.2. Due to the outbreak of the COVID-19 coronavirus and the directives of national, state and county officials, the public meetings cannot be held and, therefore, additional time will be needed to complete the NRSA.
- 1.3.3. Due to the outbreak of the COVID-19 coronavirus Subrecipient used JVYC as a food distribution site. Because of that emergency activity, Subrecipient was unable to complete the facility improvements prior to the expiration of the contract term.
- 1.3.4. The Board of Supervisors finds that:
 - 1.3.4.1. The outbreak of the international Covid-19 pandemic was unforeseen and that delays associated with complying with public health directives are unavoidable;
 - 1.3.4.2. It is not possible to determine when the activities required to complete and implement the NRSA will be able to safely resume; and
 - 1.3.4.3. It was necessary to delay facility improvements in order to meet the more pressing needs of the community.
- 1.3.5. The Board of Supervisors finds it is appropriate to extend the Agreement for one (1) additional year to allow Subrecipient to complete the NRSA and the facility improvements at JVYC.

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2.0 TERM AND EXTENSIONS, SECTION 2.0. Pursuant to the provisions of **paragraph 2.2**, and in recognition of the unforeseen circumstances and unavoidable delays caused by the public health directives and emergent community needs associated with the COVID-19 pandemic, County exercises the first (1st) of four (4) available Extension Options. This Agreement will terminate on **September 30, 2021**.

All other provisions of this Agreement, not specifically changed by this amendment, will remain in effect and be binding upon the parties.

IN WITNESS THEREOF, the parties have affixed their signatures to this Agreement on the date written below.

THIS AGREEMENT MAY BE SIGNED IN COUNTERPARTS

PIMA COUNTY

CITY OF SOUTH TUCSON



Chairman, Board of Supervisors


Mayor, City of South Tucson

Date: JAN 05 2021

Date: _____

ATTEST:

ATTEST:

 JAN 05 2021
Clerk of the Board Date

City Clerk Date

APPROVED AS TO CONTENT:


Director, Department of Community and
Workforce Development

The foregoing Intergovernmental Agreement between Pima County and the City of South Tucson has been reviewed pursuant to A.R.S. §11-952 by the undersigned Deputy County Attorney and the City of South Tucson Attorney, who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Agreement represented by Pima County and the City of South Tucson.

PIMA COUNTY

CITY OF SOUTH TUCSON



Stacey A. Roseberry, Deputy County Attorney

City Attorney


REGULAR MEETING: MARCH 16, 2021

ITEM NO. 12: RESOLUTION NO. 21-04 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING THE FINAL AND REVISED VERSION OF THE INTERGOVERN-MENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]



CITY COUNCIL AGENDA REPORT

March 16, 2021

TO: Mayor and Councilmembers
FROM: Lourdes Aguirre, Finance Director 
SUBJECT: Resolution No. 21-04
AFFECTED DEPARTMENTS: City-Wide
ITEM REQUEST: Pima County IGA - FY 2021 CDBG Award

RESOLUTION NO. 21-04 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING THE FINAL AND REVISED VERSION OF THE INTERGOVERNMENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]

EXECUTIVE SUMMARY:

This year's Community Development Block Grant award for \$200,000 was approved by Mayor & Council on February 16, 2021 through resolution number 21-02. Attached to resolution number 21-02 was an earlier version of the IGA which has since been revised to match all other County subrecipient agreements. The changes include:

Section 7.0 Insurance

- Number sequence reformatting / Consolidation of subsections 7.1-7.5 into 7.1-7.3
- Commercial General Liability reduced from \$2M to \$1M
- All other coverage (commercial or business automobile, professional liability and workers comp) remained the same at \$1M

Section 8.0 Indemnification

- Consolidated subsections 8.1-8.3 into one paragraph.

Exhibit A Scope of Work

- Contained all formatting changes

RECOMMENDATION(S): Approve the Intergovernmental Agreement revisions.

Attachment(s): Resolution 21-04 (2 pages) to include "CDBG IGA REVISIONS" (7 pages) and IGA between Pima County & The City of South Tucson including exhibits A-C (20 pages)

City Manager Concurrence: 



CITY OF SOUTH TUCSON RESOLUTION NO: 21-04

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ["CITY"] ARIZONA, RATIFYING, APPROVING, AND ADOPTING THE FINAL AND REVISED INTERGOVERNMENTAL AGREEMENT ["IGA"] WITH PIMA COUNTY ["COUNTY"] FOR THE MANAGEMENT AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ["CDBG"]

WHEREAS, the CITY and the COUNTY may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951, *et seq.*; and

WHEREAS, the CITY and the COUNTY are authorized pursuant to A.R.S. §§ 9-500.11, 11-254.04, 11-251 (5) and (17) to expend public monies to improve the economic welfare and health of the inhabitants and for and in connection with economic development activities; and

WHEREAS, the CITY and the COUNTY are authorized pursuant to A.R.S. § 36-1403 to exercise certain powers relating to housing projects; and

WHEREAS, the COUNTY submitted an application consisting of the Annual Action Plan to the U.S. Department of Housing and Urban Development ("HUD") which included the CITY's project proposal and were approved; and

WHEREAS, on February 16th, 2021, the CITY Mayor and Council approved an Intergovernmental Agreement with COUNTY for an amount not to exceed \$200,000.00 allocated to various programs during the period of October 1, 2020 to September 30, 2021; and

WHEREAS, a final version of the IGA has been approved by the COUNTY to include the revisions outlined in the attachment titled "CDBG IGA REVISIONS"

THEREFORE, NOW BE IT RESOLVED by the Mayor and Council of the City of South Tucson, Arizona, that the City hereby formally approves and adopts the IGA and authorizes the Mayor of the City of South Tucson to execute this Resolution, the IGA and any related documents necessary to implement the agreement.

PASSED AND ADOPTED by the Mayor and Council of the City of South Tucson, Arizona, this 16th day of March, 2021.

APPROVED/EXECUTED

MAYOR, BOB TESO

ATTEST:

APPROVED AS TO FORM:

City Clerk, Veronica B. Moreno

City Attorney, Bobby Yu, Esq.

CDBG IGA REVISIONS

7.0 Insurance.

- 7.1 Each party will obtain and maintain at its own expense, during the entire term of this Agreement, the following type(s) and amounts of insurance:
- 7.1.1 Commercial General Liability in the amount of \$1,000,000.00 combined single limit Bodily Injury and Property Damage.
 - 7.1.2 Commercial or Business automobile liability coverage for owned, non-owned and hired vehicles used in the performance of this Contract with limits in the amount of \$1,000,000.00 combined single limit or \$1,000,000.00 Bodily Injury, \$1,000,000.00 Property Damage.
 - 7.1.3 If this Contract involves professional services, professional liability insurance in the amount of \$1,000,000.00.
 - 7.1.4 If required by law, workers' compensation coverage including employees' liability coverage.
- 7.2 Each party will provide thirty (30) days written notice to the other party of cancellation, non-renewal, or material change of coverage.
- 7.3 The above requirement may be alternatively met through self-insurance pursuant to A.R.S. §§ 11-261 and 11-981 (or if a school district, § 15-382) or participation in an insurance risk pool under A.R.S. § 11.952.01 (if a school district, § 15-382), at no less than the minimum coverage levels set forth in this article.

8.0 Indemnification

Each party (as Indemnitor) agrees to indemnify, defend and hold harmless the other party (as Indemnitee) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") for bodily injury of any person (including death) or property damage, but only to the extent that such injury or damage is caused or alleged to be caused by a negligent or intentionally wrongful act or omission of the Indemnitor, or of any of its officers, officials, agents, employees, or volunteers.

7.0 Insurance

- 7.1 Subrecipient will procure and maintain at its own expense insurance policies ("Required Insurance") satisfying the below requirements ("Insurance Requirements") until all of its obligations under this Agreement have been met. The below Insurance Requirements are minimum requirements for this Agreement and in no way limit Subrecipient's indemnity obligations under this Agreement. County in no way warrants that the required insurance is sufficient to protect the Subrecipient for liabilities that may arise from or relate to this Agreement. If necessary, Subrecipient may obtain commercial umbrella or excess insurance to satisfy the Insurance Requirements.
- 7.2 **Insurance Coverages and Limits:**
- 7.2.1 Commercial General Liability (CGL): Occurrence Form covering liability arising from premises, independent contractors, personal injury, bodily injury, broad form contractual liability and products-completed operations with minimum limits not less than \$2,000,000 Each Occurrence and \$2,000,000 General Aggregate.

- 7.2.2 **Business Automobile Liability:** Coverage for any owned, leased, hired, and/or non-owned autos assigned to or used in the performance of this Agreement with minimum limits not less than \$1,000,000 Each Accident.
- 7.2.3 **Workers' Compensation (WC) and Employers' Liability:**
- 7.2.3.1 **Workers' Compensation with Employers Liability** limits of \$1,000,000 each accident and \$1,000,000 each employee – disease. Workers' Compensation statutory coverage is compulsory for employers of one or more employees.
- 7.2.3.2 **Note:** The Workers' Compensation requirement does not apply if Subrecipient is exempt under A.R.S. § 23-901 and has executed the appropriate Pima County Sole Proprietor (Independent Contractor) Waiver form.

7.3 Additional Insurance Requirements:

- 7.3.1 **Insurer Financial Ratings:** Coverage must be placed with insurers acceptable to County with A.M. Best rating of not less than A- VII, unless otherwise approved by County.
- 7.3.2 **Additional Insured:** The General Liability policy must be endorsed to include Pima County and all its related special districts, elected officials, officers, agents, employees and volunteers (collectively "County and its Agents") as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Subrecipient. The full policy limits and scope of protection must apply to County and its Agents as an additional insured, even if they exceed the Insurance Requirements.
- 7.3.3 **Waiver of Subrogation:** Commercial General Liability and Workers' Compensation coverages must each contain a waiver of subrogation in favor of County and its Agents for losses arising from work performed by or on behalf of the Subrecipient.
- 7.3.4 **Primary Insurance:** The Required Insurance policies, with respect to any claims related to this Agreement, must be primary and must treat any insurance carried by County as excess and not contributory insurance. The Required Insurance policies may not obligate County to pay any portion of a Subrecipient's deductible or Self Insurance Retention (SIR).
- 7.3.5 **Subcontractors:** Subrecipient must either (a) include all subcontractors as additional insureds under its Required Insurance policies, or (b) require each subcontractor to separately meet all Insurance Requirements and verify that each subcontractor has done so, Subrecipient must furnish, if requested by County, appropriate insurance certificates for each subcontractor. Subrecipient must obtain County's approval of any subcontractor request to modify the Insurance Requirements as to that subcontractor.

7.4 Verification of Coverage:

- 7.4.1 **Insurer or Broker of Subrecipient** must evidence compliance with the Insurance Requirements by furnishing certificates of insurance executed by a duly authorized representative of each insurer. Each certificate must include:
- 7.4.1.1 The Pima County tracking number for this Agreement, which is shown on the first page of the Agreement, and a project description, in the body of the Certificate,
- 7.4.1.2 A notation of policy deductibles or SIRs relating to the specific policy, and
- 7.4.1.3 Certificates must specify that the appropriate policies are endorsed to include additional insured and subrogation waiver endorsements for County and its Agents.

- 7.4.2 Each Required Insurance policy and appropriate endorsements must be in effect not less than 15 days prior to commencement of work under this Agreement. A renewal certificate must be provided to County not less than 15 days prior to the policy's expiration date to include actual copies of the additional insured and waiver of subrogation endorsements. Failure to maintain the Required Insurance, or to provide evidence of renewal, is a material breach of this Agreement.
- 7.4.3 County reserves the right to, at any time, require complete copies of any or all Required Insurance policies.
- 7.4.4 Cancellation Notice: Subrecipient's insurance policies and endorsements shall not be permitted to expire, be cancelled, suspended or materially changed from the agreed upon Insurance Requirements for any reason without 30 days advance written notice to County of the policy cancellation, suspension or material change. Subrecipient must provide written notice to County within two business days of receipt of notice. For cancellation of non-payment, Insurer is to provide County with written notice ten days prior to cancellation of policy.
- 7.5 **Insurance Approval and Modifications:** The Pima County Risk Manager may approve a modification of the Insurance Requirements without the necessity of a formal Agreement amendment, but the approval must be in writing. Neither County's failure to obtain a required insurance certificate or endorsement, County's failure to object to a non-complying insurance certificate or endorsement, or County's receipt of any other information from the Subrecipient, its insurance broker(s) and/or insurer(s), constitutes a waiver of any of the Insurance Requirements.

8.0 Indemnification

- 8.1 To the fullest extent permitted by law, Subrecipient will defend, indemnify and hold harmless Pima County, and any related taxing district, and the officials and employees and each of them (collectively, "Indemnitee") from and against any and all claims, actions, liabilities, losses, and expenses (including reasonable attorney fees)(collectively, "Claims") arising out of actual or alleged injury of any person (including death) or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by any act or omission of Subrecipient or any of Subrecipient's directors, officers, agents, employees, volunteers, or subcontractors. This indemnity includes any claim or amount arising or recovered under the Workers' Compensation law or arising out of the failure of Subrecipient to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. The Indemnitee will, in all instances, except for Claims arising solely from the acts or omissions of the Indemnitee, be indemnified by Subrecipient from and against any and all claims. Subrecipient is responsible for primary loss investigation, defense and judgement costs for any claim to which indemnity applies. This indemnity will survive the expiration or termination of this Agreement.
- 8.2 Subrecipient warrants that services provided under this Agreement are non-infringing. Subrecipient will indemnify, defend and hold County harmless from any claim of infringement arising from services provided under this Agreement or from the provision, license, transfer or use for their intended purpose of any products provided under this Agreement.
- 8.3 Subrecipient has the same obligations to County as County does to HUD pursuant to the 2020-2021 Annual Action Plan and assurances. Subrecipient will hold County harmless against any injury that County may suffer with respect to HUD due to any failure on the part of Subrecipient to fulfill obligations to HUD.

EXHIBIT A
SCOPE OF WORK

1. Program Title:

Management and Implementation of the City of South Tucson Community Development Block Grant Program ("the CDBG Program").

2. Program Purpose:

~~Through the Program, Subrecipient~~ will provide the following eligible CDBG activities for income-qualified persons and households in South Tucson, Arizona: 1) Program Administration; 2) Code Enforcement; 3) Community Cleanup & Green Program; 4) Crime Prevention and Education Program; 5) Fire and Rescue Safety Equipment; and 6) Pio Decimo, John Valenzuela ~~(JVYC)~~ Youth Program; and 7) General Plan update.

3. Program Activities. Subrecipient shall comply with the 2020-2021 Annual Action Plan for the following activities as follows:

3.1. Program Administration. Subrecipient shall provide eligible, general CDBG program administration functions and activities for the management and implementation of the CDBG program to the extent allowed under 24 CFR 570.206.

3.2. Code Enforcement. Subrecipient shall select and identify neighborhoods where targeted code enforcement will take place. For each area selected, Subrecipient shall ~~c:~~

~~3.2.1. Conduct inspections for code violations and code enforcement of both residential and commercial properties. Subrecipient will then:~~

~~3.2.2. Process and issue citations as warranted and c:~~

~~3.2.3. Collect fines imposed for violations. In addition, Subrecipient will:~~

~~3.2.4. Procure, by competitive process, eligible materials and supplies to support these code enforcement activities. and~~

~~3.2.5. 3.2.~~ When appropriate, Subrecipient will refer property owners whose residential properties are non-compliant to agencies, including, but not limited to, Pima County Home Repair, Community Home Repair Projects of Arizona, Habitat for Humanity or DIRECT Center for Independence for assistance in correcting the problems identified.

3.3. Community Cleanup and Green Program. Pursuant to 24 CFR§570.201(e), Subrecipient shall select and identify neighborhoods where cleanup activities will take place. For each area selected, Subrecipient shall ~~rH:~~

~~3.3.1. Reach out to community representatives and groups to identify specific community cleanup needs. Then Subrecipient shall c:~~

~~3.3.2. Complete a thorough needs assessment for each suggested community cleanup activity. Subrecipient shall also o~~

~~3.3.3. Organize and hold or attend established community meetings to organize and plan cleanups as appropriate. Based on the needs assessment, Subrecipient shall and~~

~~3.3.4. Conduct cleanup activities. Subrecipient shall also~~

3.4. Procure, by competitive bidding and quotes, all required materials, supplies and services to conduct community cleanup activities, including, but not limited to roll-off dumpsters; heavy equipment rental or operations costs, e.g., backhoes, front loaders, skid steers, and augers; trailers; safety equipment (including Personal Protective Equipment) for workers and volunteers; hand and power tools; t-shirts; and, marketing flyers and posters promoting the project.

3.3.

3.5. Crime Prevention and Education Program. Subrecipient shall d:

3.5.1. Develop and implement crime prevention and other public safety community outreach programming for residents of South Tucson ("the City"). Subrecipient shall procure, by competitive process, eligible materials and supplies to support these crime prevention and education program activities. Subrecipient will also provide for police personnel salaries and benefits for direct time and effort associated with the activities listed below. Subrecipient's programming will include:

3.4. Conduct law enforcement and youth gang prevention activities within the City including but not limited to: Programs will include, but are not limited to:

3.5.2.

3.5.2.1.3.4.1. Gang Resistance -- Education, and Training Program at the two public schools and three established Local Youth Safe Havens in the City; and

3.5.2.2 South Tucson Police Explorer Post #317 for youth ages 14 to 20.

3.5.2.1.1.1. Procure, by competitive process, eligible materials and supplies to support these crime prevention and education program activities.

3.5.4. Providing for police personnel salaries and benefits for direct time and effort associated with the activities in paragraphs 3.4.1 through 3.4.3 above.

3.6. Fire and Rescue Safety Equipment. Subrecipient shall provide facilities, fire safety and protection equipment to eligible CDBG public facilities, fire safety and protection equipment as allowed pursuant to under 24 CFR 570.201(c). Subrecipient shall procure, by competitive process, the following:

3.6.1. Life-saving equipment, and;

3.6.2.3.5. Other public safety equipment deemed integral to fire protection.

3.7. Pio Decimo John Valenzuela Youth Center ("JVYC") Youth Program. Subrecipient shall c:

3.7.1. Enter into a contract with a provider to conduct youth programs at Pio Decimo John Valenzuela Youth Center ("JVYC") located at 1550 S. Sixth Avenue. The provider must offer pPrograms must be provided weekly, year-round, access to programming for low- and moderate-income, primarily at-risk, youth, ages five(5) to seventeen (17) as follows (holidays may be excluded):

3.7.1.1. Monday through Thursday 9:00 Aa.Mm. to 8:30 Pp.Mm and

3.7.1.2. Fridays 9:00 Aa.Mm. to 6:00 Pp.Mm. (holidays may be excluded). Subrecipient shall c

3.7.2. Ensure that contractor coordinates and provides a safe environment for youth to participate in supervised and meaningful activities including, but not limited to:

3.7.2.1. Art and crafts; h

3.7.2.2. Homework and afterschool support;

3.7.2.3. Science fair events;

3.7.2.4. HHealth and fitness exercises;

3.7.2.5. Aa variety of recreational sports; c

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~~3.7.2.6. Cultural and education events;~~

~~3.7.2.7. Social and club events; and c~~

~~3.7.2.8. Crime prevention and education program public services. Subrecipient shall w~~

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~~3.7.3. Work with the provider contracted pursuant to paragraph 3.6.1 above to ensure programmatic and fiscal activities are timely completed including. These activities, include, but are not limited to: gGathering, maintaining and compiling information from participants to meet reporting requirements as detailed in paragraph 8.0. Subrecipient shall t~~

~~3.7.4. Timely review, process and submit requests for reimbursement from the contracted provider to Subrecipient for eligible youth program activities. Subrecipient shall also p~~

~~3.7.5.3.6. Procure, by competitive process, eligible materials and supplies to support these Youth Program activities.~~

~~3.8.3.7. General Plan Update. Subrecipient shall further economic development, neighborhood revitalization, and access to and utilization of social, health and economic opportunities in the City of South Tucson. Activities must include, but are not limited to an update to City of South Tucson General Plan pursuant to requirements listed in A.R.S. § 9-461.06.~~

4. **COVID-19 Restrictions.** Subrecipient shall provide all in-person and group program services in compliance with Centers for Disease Control and Prevention, State, and County guidelines for operating during the Coronavirus COVID-19 pandemic. If Subrecipient's performance of the services must be modified or curtailed to comply with public health restrictions related to COVID-19, Subrecipient must immediately report the situation to County. County and Subrecipient will confer at least monthly to determine appropriate performance requirements and activities until services can be resumed in full.

5. **Project goal/predicted outcomes:**

- 5.1. **Goal:** The CDBG Program will create viable communities that meet the needs of low- and moderate-income individuals and households through CDBG activities that promote, suitable living environments and expanded economic opportunities.
- 5.2. **Predicted outcome:** Individuals and households who participate in the CDBG Program will have new or improved access to public services that improve crime prevention and safety; fire facility and equipment improvements; programming for at-risk youth; community public facility improvements, and the completion of a General Plan update.

6. **Public benefit – CDBG National Objective and Eligible Activity:**

Upon completion, ~~Subrecipient's the~~ CDBG Program will meet the HUD CDBG National Objective to assist low- and moderate-income persons and households.

7. **Metrics available to measure performance.**

- 7.1. One Code Enforcement Officer or equivalent will conduct targeted code enforcement activities in targeted areas within the City;
- 7.2. Two community cleanups will be conducted within the City;
- 7.3. One full-time police officer or equivalent will conduct crime and gang prevention activities serving the population of the City; ~~and~~
- 7.4. ~~One hundred 100~~ unduplicated, primarily at-risk, youth from low-to moderate income households in the City will participate in programing conducted at the ~~John Valenzuela Youth Center, and~~

7.5. ~~Completion of One~~ General Plan update ~~will be completed by the City of South Tucson~~ Subrecipient that includes and included in the Neighborhood Revitalization Strategy Area plan submitted ~~by Subrecipient~~ to HUD.

8. Reports.

~~8-8.1.~~ Subrecipient will provide quarterly reports to County for submission to HUD on County's web-based application system at www.zoomgrants.com. The reports must include, but are not limited to, the following:

~~8-1-8.1.1.~~ Number of persons benefiting from crime prevention and education program public service activities;

~~8-2-8.1.2.~~ Number of persons benefitting from the public facility improvement integral to the operation of the fire protection facility;

~~8-3-8.1.3.~~ Number of emergency home repairs, adaptive construction, and safety hardware installation projects completed including the full address of each home; and

~~8-4-8.1.4.~~ City South Tucson General Plan update progress report and narrative.

~~8-5-8.2.~~ ~~The Subrecipient must submit~~ quarterly reports ~~must be submitted~~ on January 15, 2021; April 15, 2021; July 15, 2021; and October 15, 2021.

~~8-6-8.3.~~ Subrecipient shall submit quarterly reports that capture low-to-moderate area information related to Public Service. Report information includes but is not limited to household income calculated and identified by appropriate cohort per household as follows: 1) Extremely Low Income, at or below 30% AMI; 2) Low Income, at or below 50% AMI; and 3) Moderate Income, at or below 80% AMI. The reports shall include: 1) racial and ethnic information of individuals participating in the training program; the number of female-headed individuals enrolled in the program; and the number of disabled program participants. Each training participant's file will include a completed Self-Certification for Income Verification attached hereto as Exhibit C:

~~8-7-8.4.~~ All reporting provisions will survive the termination of this Agreement.

9. Budget:

CDBG Funded Activities	Budget
Administration	\$ 30,000.00
Code Enforcement	\$ 10,000.00
Community Clean up & Green Program	\$ 5,000.00
Crime Prevention and Education Program	\$ 20,000.00
Fire and Rescue Safety Equipment	\$ 10,000.00
Pio Decimo, JVYC	\$ 100,000.00
General Plan Update	\$ 25,000.00
Total	\$200,000.00

END OF EXHIBIT A

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CDBG IGA – REVISED / FINAL

Pima County Department of Community and Workforce Development

Project: Management and Implementation of the Community Development Block Grant (CDBG) Program

Contractor: City of South Tucson
1601 South 6th Avenue
South Tucson, Arizona 85713

Amount: \$200,000.00

Contract No.: CT-CR-21-316

Funding: U.S. Department of Housing and Urban Development

Contract Term: July 1, 2020 through September 30, 2021

DUNS No.: 020681557

Research or Development: ☐ Yes ☒ No

Federal Contract No.: B-20-UC-04-0502

Required Match: ☐ Yes ☒ No **Match Amount:**

Indirect Cost Rate: ☐ Federal ☐ NICR ☐ de minimis ☒ None

Status of Contractor: ☒ Subrecipient ☐ Contractor

CFDA	Program Description	Nation Funding	Pima County Award
14.218	Community Development Block Grant/Entitlement Communities (CDBG)	FY20 \$3,398,087,174.00	FY20 \$2,971,153.00

INTERGOVERNMENTAL AGREEMENT**1.0 Parties, Background, and Purpose**

- 1.1 **Parties.** This subaward in the form of an Intergovernmental Agreement (“Agreement”) is entered into by and between Pima County (“County”), a body politic and corporate of the State of Arizona and the City of South Tucson (“Subrecipient”), a municipal corporation in the State of Arizona.
- 1.2 **Authority.** The parties may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951 *et seq.* County is authorized by A.R.S. §§ 11-254.04, 11-251 (5) and 11-251 (17), to spend public monies to improve and enhance the economic welfare and health of the inhabitants of the County. Subrecipient is authorized by A.R.S. § 9-500.11 to expend public monies for and in connection with economic development activities. County applied for and received Community Development Block Grant (“CDBG”) funds in the amount of \$2,971,153 in from the U.S. Department of Housing and Urban Development (“HUD”), under Title I of the Housing and Community Development Act of 1974, as amended (Public Law 93-383).
- 1.3 **Solicitation and Response.** Under solicitation number CDNC-10-15-19-CDBG-ESG (“2020-2021 Community Planning Application”), County sought proposals for programs and activities that would qualify for CDBG funding during Federal Fiscal Year (“FY”) 2020-2021. Subrecipient submitted a response to the 2020-2021 Community Planning Application. County has determined that the

services or activities proposed in Subrecipient's response to the Community Planning Application are eligible for this subaward of CDBG funding and in the best interests of the residents of Pima County.

- 1.4 **Background and Purpose.** On May 5, 2020 the Pima County Board of Supervisors (the "Board") authorized inclusion of Subrecipient's proposal for use of CDBG funds in the 2020-2021 Annual Action Plan that County submitted to HUD to obtain the FY 2020-2021 CDBG funds. The Board also passed Resolution No. 2020-31 approving the allocation of \$200,000 of FY 2020-2021 CDBG funds to Subrecipient.

2.0 Term, Extensions, and Amendments

- 2.1 **Term and Extensions.** This Agreement commences on July 1, 2020 and terminates on September 30, 2021 (the "Initial Term"). If the commencement date of the Initial Term is before the signature date of the last party to execute this Contract, the parties will, for all purposes, deem the Contract to have been in effect as of the commencement date. "Term," means the original term plus any exercised Extension Options. County may renew this Agreement for up to a total of five years to coincide with the term of County's Consolidated Plan submitted to HUD (an "Extension Option"). An Extension Option will be effective only upon execution by the parties of a formal written amendment.
- 2.2 **Amendments.** The provisions of this Agreement may be modified, amended, altered or extended only by a written amendment signed by the parties. Any amendment to the Agreement must be approved by County before any services under the amendment commences. Minor modifications may be made by written memorandum approved and signed by the Director of the Pima County Department of Community & Workforce Development ("CWD") or designee. Minor modifications are changes in the scope, which do not change the specified purpose, outcomes or the total compensation provided through this Agreement and do not in any way increase the direct or indirect liability of County under this Agreement.
- 2.3 **Survival.** Notwithstanding paragraph 2.1, the terms of this Agreement will survive and remain in effect during any period that Subrecipient has control over CDBG funds, including program income.

3.0 Scope of Services.

Subrecipient shall provide County with the services described in Exhibit A. Subrecipient shall also obtain and maintain all required licenses, permits, and authority required for performance under this Agreement. Subrecipient shall employ suitably trained and skilled personnel to perform all services under this Agreement. Unless otherwise provided for herein, the personnel delivering services pursuant to this Agreement will: 1) be employees or volunteers of the Subrecipient; 2) satisfy any qualifications in this Agreement; and 3) be covered by personnel policies and practices of Subrecipient. No program funded under this Agreement may impair existing contracts for services or collective bargaining agreements or be inconsistent with the terms of a collective bargaining agreement without the written concurrence of the labor organization and employer concerned. Subrecipient shall maintain an accounting manual that describes its financial procedures in sufficient detail to ensure that its financial practices are easily understood.

4.0 Monitoring and Evaluation

- 4.1 County will monitor all activities and information sources in the management, fiscal, and services systems of Subrecipient and any subcontracted parties relating to performance of duties and obligations under this Agreement to ensure that Subrecipient is:
- 4.1.1 Making adequate and acceptable progress in the provision of services;
 - 4.1.2 Maintaining adequate and acceptable systems to document services and expenditures; and

4.1.3 Using the funds provided pursuant to this Agreement effectively and efficiently to accomplish the purposes for which funds were made available.

- 4.2 Subrecipient shall cooperate in the monitoring and evaluation process by County and/or HUD. Subrecipient shall assist County in providing reports and documentation to HUD related to Subrecipient's performance and, where applicable, the impact of the CDBG-funded activities on the community. If monitoring and evaluation finds that Subrecipient's performance is substandard, Subrecipient will be in default of this Agreement. If Subrecipient fails to take appropriate actions to correct the default within 15 calendar days from date of notice, this Agreement may be suspended or terminated. To the greatest extent permissible by law, County, and any authorized federal, state or local agency, including, but not limited to, the HUD and the Comptroller of the United States, will at all reasonable times have the right of access to Subrecipient's facility, books, documents, papers, or other records which are pertinent to this Agreement, in order to make audits, examinations, excerpts and transcripts for the purpose of evaluating Subrecipient's performance and Subrecipient's compliance with this Agreement.

5.0 Compensation and Payment

- 5.1 County shall pay Subrecipient up to \$200,000 ("Maximum Allocated Amount"). County will make payments from CDBG Grant(s) County has been awarded from HUD ("awarding agency"). Payment of the full Maximum Allocated Amount is subject to the CDBG funds being made available to County for this Agreement. The Maximum Allocated Amount may be decreased at any time due to reduction, termination, or any other changes in funding. Unless specifically authorized by County, unexpended funds will not be carried over into another fiscal year. Pursuant to the agreement between HUD and County (Pima County Contract No. B-20-UC-04-0502) and the Pima County Board of Supervisors' approval of this allocation of CDBG funds to Subrecipient on May 5, 2020, Subrecipient may be reimbursed for eligible costs associated with activities under this Agreement as follows:

5.1.1 For eligible activities from and after October 1, 2020; and

5.1.2 For administrative costs incurred from and after July 1, 2020.

- 5.2 Subrecipient shall submit a request for reimbursement every month, even if no funds are being requested for the prior month. Requests for reimbursement are due as follows:

Agreement Month	Due date for Request for Reimbursement
January through April & July through December	30 calendar days from end of month
May	June 15
June	July 7

- 5.3 Each monthly request for reimbursement must be for services and costs as identified in Exhibit A and reference this Agreement number. The person(s) that prepared the request and an authorized manager, supervisor or executive of the Subrecipient must approve and sign each request to insure proper internal financial controls. In each request, Subrecipient shall include the amount of CDBG accrued expenditures, if any; program income, as defined by the awarding agency; and all other fiscal resources applied to expenses incurred in providing services under this Agreement.
- 5.4 Each request must be accompanied by documentation that includes, but is not limited to:
- 5.4.1 A summary report of monthly expenditures by expense categories as shown in approved budget in Exhibit A of this Agreement.
- 5.4.2 Copies of invoices and checks (front and back) to support all purchases of goods or services.

5.4.3 If reimbursement is authorized for travel, detailed travel reports to support all travel expenses.

5.4.4 Any other documentation requested by County.

- 5.5 Subrecipient shall include with each request an electronic copy with certified electronic signatures, of the Financial Status Report and Request for Funds. Hard copies, with original signatures, of the Financial Status Report and Request for Funds must be retained by Subrecipient in compliance with this Agreement, Section 21.0, Books and Records County will provide Subrecipient with a form similar to that attached hereto as Exhibit B upon execution of this Agreement.
- 5.6 If reimbursement is authorized for personnel costs, the monthly request for reimbursement must include: 1) time sheets or other records, signed by the employee and the employee's immediate supervisor with direct knowledge of employee's efforts for this Agreement, that specify the days, hours per day and total hours worked on the grant; and 2) accounting system report(s) specifying rate of pay and costs of employer paid benefits.
- 5.7 If Subrecipient is required to provide matching funds under the terms of the awarding agency, Subrecipient must also provide the documentation described in paragraphs 5.3 through 5.6 for the matching funds.
- 5.8 Subrecipient must utilize funds available under this Agreement to supplement rather than supplant funds otherwise available. Subrecipient may not bill the County for costs which are paid by another source. Subrecipient must notify County within ten days of receipt of alternative funding for costs which would otherwise be subject to payment pursuant to this Agreement.
- 5.9 If each request for payment includes adequate and accurate documentation, County will generally pay Subrecipient within 30 days from the date invoice is received. Subrecipient should budget cash needs accordingly. County may, at its sole discretion 1) determine the acceptability and progress of work performed and determine the resulting entitlement to payment of each request for reimbursement; liquidate funds available under this Agreement for costs incurred by County on behalf of Subrecipient, and 3) deny full payment for requests for reimbursement that are submitted to County after the dates in paragraph 5.2. County may deduct its processing costs or delay-related damages in connection with a request for payment submitted after that date. Additionally, County may deny payment for any request for reimbursement received after the following dates:

Month Expense Incurred	Denial date
January through March July and August October through December	More than 60 days after the end of the month in which the expense was incurred
April and May	June 21
June	July 15
September	October 31

If payment is made on such a delinquent request, County will deduct its processing costs or delay-related damages.

- 5.10 Subrecipient must submit its request for final payment for compensation earned and/or eligible costs incurred to County within 15 working days after the end of the Agreement term. The request must meet the requirements in paragraphs 5.3 through 5.6 and include a report summarizing Subrecipient's performance during the term of the Agreement. Pursuant to A.R.S. § 11-622, County will deny reimbursement completely for requests for payment submitted later than six months after the last item of the account accrues.

- 5.11 No payments will be made to Subrecipient, until: 1) Subrecipient has completed and submitted a W-9 Taxpayer Identification Number form; 2) Subrecipient has registered as a Pima County Vendor at the following web address -- <https://secure.pima.gov/procurement/vramp/login.aspx>; 3) this Agreement is fully executed; and 4) adequate and accurate documentation is provided with each request for payment or invoice.
- 5.12 The Director of CWD or designee has the sole discretion to grant changes between budget line items of no more than 15%. The change may not increase or decrease the maximum allocated amount. Subrecipient must submit a written request for the line item change on or before May 15 of the contract year. The written request must contain a detailed explanation of the reason the change is necessary; and how the specified purpose, program(s), metrics, or outcomes in this Agreement will continue to be met, despite the requested change. The change must be for future expenditures that are not part of the current existing and approved budget(s). The change may not be to cover unbudgeted expenditures incurred by Subrecipient prior to the approval of the written request for a budget line item change. If the Director of CWD or designee approves the request for the budget line item change, the change will not be effective, nor will compensation under the change be provided, until the date in the written approval.
- 5.13 Pursuant to 2 CFR § 2400.101, unless excepted under 24 CFR chapters I through IX, the cost principles in 2 CFR Part 200, Subpart E, will be used to determine whether an incurred cost will be reimbursed under this Agreement. Subrecipient must reimburse County for improper, unallowable or unsubstantiated costs discovered as a result of audit or otherwise within 30 days following demand for reimbursement by County.
- 5.14 For the period of record retention required under Section 21.0, County may question any payment made under this Section 5.0 and require reimbursement by setoff or otherwise for payments determined to be improper or contrary to the Agreement or law.

6.0 Program Income

County does not anticipate that program income, as defined by the awarding agency, will be generated under the activities of this Agreement. In the event that activities under this Agreement do generate program income or program income is authorized, Subrecipient shall report to County all program income, as defined at 24 CFR § 570.500(a), generated and received as a result of activities carried out with the CDBG-funds provided pursuant to this Agreement. These reports are due quarterly. Subrecipient shall also return program income to County within 15 days of the end of each month, unless otherwise specified in Exhibit A.

7.0 Insurance.

- 7.1 Each party will obtain and maintain at its own expense, during the entire term of this Agreement, the following type(s) and amounts of insurance:
- 7.1.1 Commercial General Liability in the amount of \$1,000,000.00 combined single limit Bodily Injury and Property Damage.
 - 7.1.2 Commercial or Business automobile liability coverage for owned, non-owned and hired vehicles used in the performance of this Contract with limits in the amount of \$1,000,000.00 combined single limit or \$1,000,000.00 Bodily Injury, \$1,000,000.00 Property Damage.
 - 7.1.3 If this Contract involves professional services, professional liability insurance in the amount of \$1,000,000.00.
 - 7.1.4 If required by law, workers' compensation coverage including employees' liability coverage.

- 7.2 Each party will provide thirty (30) days written notice to the other party of cancellation, non-renewal, or material change of coverage.
- 7.3 The above requirement may be alternatively met through self-insurance pursuant to A.R.S. §§ 11-261 and 11-981 (or if a school district, § 15-382) or participation in an insurance risk pool under A.R.S. § 11.952.01 (if a school district, § 15-382), at no less than the minimum coverage levels set forth in this article.

8.0 Indemnification

Each party (as Indemnitor) agrees to indemnify, defend and hold harmless the other party (as Indemnitee) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") for bodily injury of any person (including death) or property damage, but only to the extent that such injury or damage is caused or alleged to be caused by a negligent or intentionally wrongful act or omission of the Indemnitor, or of any of its officers, officials, agents, employees, or volunteers.

9.0 Compliance with Laws

- 9.1 Subrecipient will comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this Agreement.
- 9.2 The laws and regulations of the State of Arizona will govern the rights of the parties, the performance of this Agreement, and any disputes hereunder. Any action relating to this Agreement must be brought in a court of the State of Arizona in Pima County.
- 9.3 Subrecipient will comply with the requirements of 24 CFR Part 570, including Subpart K of these regulations, except the Subrecipient does not assume: 1) County's environmental responsibilities described in 24 CFR § 570.604; and 2) County's responsibility for initiating the review process under the provisions of 24 CFR Part 52.
- 9.4 Subrecipient warrants that CDBG funds provided or personnel employed in the administration of the program funded under this Agreement will not be used for political activities; inherently religious activities; lobbying to influence the outcome of any election or the award of any federal contract, grant, loan or cooperative agreement (*see* Federal Standard Form LLL, "Disclosure of Lobbying Activities"); political patronage; or nepotism activities.
- 9.5 Subrecipient will comply with the applicable provisions of:
- 9.5.1 Davis-Bacon Act (Public Law 107-217);
 - 9.5.2 Contract Work Hours and Safety Standards Act (40 USC 327 *et seq.*);
 - 9.5.3 Copeland Anti-Kick Back Act (18 USC 874 *et seq.*);
 - 9.5.4 Section 3 of the HUD Act of 1968; and
 - 9.5.5 All rules and regulations applicable to the listed statutes.
- 9.6 Subrecipient will fully cooperate with County, HUD and any other federal agency in the review and determination of compliance with the listed provisions.
- 9.7 Subrecipient certifies that no individual or agent has been employed or retained to solicit or secure this Agreement for commission, percentage, brokerage or contingent fee except a bona fide employee whose job duties include securing business.

10.0 Independent Contractor

Subrecipient is an independent contractor. Neither Subrecipient nor any of Subrecipient's officers, agents, or employees will be considered an employee of Pima County or be entitled to receive any employment-related benefits, or assert any protections, under the Pima County Merit System. Subrecipient is responsible for paying all federal, state and local taxes on the compensation by Subrecipient under this Agreement and will indemnify and hold County harmless from any and all liability which County may incur because of Subrecipient's failure to pay such taxes. Subrecipient will be solely responsible for its program development, operation, and performance.

11.0 Subcontractors

Subrecipient will not enter into any subcontracts for any services to be performed under this Agreement without County's prior written approval of the subcontract except prior written approval is not required for the purchase of supplies that are necessary and incidental to Subrecipient's performance under this Agreement. Subrecipient must follow all applicable Federal, State, and County rules and regulations for obtaining subcontractor services. Subrecipient will be fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor and of persons for whose acts, any of them, may be liable to the same extent that the Subrecipient is responsible for the acts and omissions of persons directly employed by it. Nothing in this Agreement will create any obligation on the part of County to pay or see to the payment of any money due any subcontractor, except as may be required by law. Subrecipient must include the provision in paragraph 4.2 in all contracts between Subrecipient and its subcontractors providing goods or services pursuant to this Agreement. Subrecipient will be responsible for subcontractors' compliance with that provision and for any disallowances or withholding of reimbursements resulting from noncompliance of said subcontractors with the provision.

12.0 Assignment

Subrecipient cannot assign its rights or obligations under this Agreement, in whole or in part, without County's prior written approval. County may withhold approval at its sole discretion.

13.0 Non-Discrimination

Subrecipient will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this Agreement, including flow down of all provisions and requirements to any subcontractors. During the performance of this Agreement, Subrecipient will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin. Unless exempt under federal law, Subrecipient will comply with Titles VI and VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act; Section 504 of the Rehabilitation Act of 1973; and the Fair Labor Standards Act of 1938.

14.0 Americans with Disabilities Act

Subrecipient will comply with Title II of the Americans with Disabilities Act (Public Law 110-325, 42 USC §§ 12101-12213) and the federal regulations for Title II (28 CFR Part 35). Failure to do so could result in the termination of this Agreement.

15.0 Authority to Contract

Subrecipient warrants its right and power to enter into this Agreement. If any court or administrative agency determines that County does not have authority to enter into this Agreement,

County will not be liable to Subrecipient or any third party by reason of such determination or by reason of this Agreement.

16.0 Full and Complete Performance

The failure of either party to insist on one or more instances upon the full and complete performance of any of the terms or conditions of this Agreement to be performed on the part of the other, or to take any action permitted as a result thereof, will not be construed as a waiver or relinquishment of the right to insist upon full and complete performance of the same, or any other covenant or condition, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time will not be construed as an accord and satisfaction.

17.0 Cancellation for Conflict of Interest

This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511. Subrecipient agrees to comply with all applicable conflict of interest provisions contained in Federal laws and regulations that govern the awarding agency including 24 CFR § 570.611.

18.0 Termination and Suspension

- 18.1 Without Cause: County may terminate this Agreement at any time, without cause, by serving a written notice upon Subrecipient at least 30 days before the effective date of the termination. In the event of such termination, County's only obligation to Subrecipient will be payment for services rendered prior to the date of termination.
- 18.2 With Cause: Except for a default under paragraph 4.2, County may terminate this Agreement at any time without advance notice and without further obligation to County finds Subrecipient to be in default of any provision of this Agreement.
- 18.3 Insufficient Funds: Notwithstanding paragraphs 18.1 and 18.2, if any state or federal grant monies used to pay for performance under this Agreement are reduced or withdrawn, County will have the right to either reduce the services to be provided and the total dollar amount payable under this Agreement or terminate the Agreement. To the extent possible, County will endeavor to provide 15 days written notice of such reduction or termination. In the event of a reduction in the amount payable, County will not be liable to Subrecipient for more than the reduced amount. In the event of a termination under this paragraph, County's only obligation to Subrecipient will be payment for services rendered prior to the date of termination to the extent that grant funds are available.
- 18.4 Non-Appropriation: Notwithstanding any other provision in this Agreement, County may terminate this Agreement if for any reason, there are not sufficient appropriated and available monies for the purpose of maintaining County or other public entity obligations under this Agreement. In the event of such termination, County will have no further obligation to Subrecipient, other than for services rendered prior to termination.
- 18.5 Suspension: County reserves the right to suspend Subrecipient's performance and payments under this Agreement immediately upon notice delivered to Subrecipient's designated agent in order to investigate Subrecipient's activities and compliance with this Agreement. In the event of an investigation by County, Subrecipient will cooperate fully and provide all requested information and documentation. At the conclusion of the investigation, or within 45 days, whichever is sooner, County will notify Subrecipient in writing that the Agreement will be immediately terminated or that performance may be resumed.

19.0 Notice

Subrecipient must give written notice of any change of corporate or entity status as promptly as possible and, in any event, within 15 days after the change is effective. A change in corporate or entity status includes, but is not limited to, change from unincorporated to incorporated status and vice versa and any suspension or termination of corporate status based on failure to comply with all applicable federal, state, and local reporting requirements. Any notice required or permitted to be given under this Agreement must be in writing and must be served by delivery or by certified mail upon the other party as follows:

County:

Daniel Tylutki, Deputy Director
Pima County Department of
Community & Workforce Development
2797 East Ajo Way
Tucson, Arizona 85713

Subrecipient:

Veronica Moreno, Interim City Manager
City of South Tucson
1601 South 6th Avenue
Tucson, Arizona 85711

20.0 Other Documents

In entering into this Agreement, Subrecipient and County have relied upon information provided in Subrecipient's proposal submitted in response the 2020-2021 Community Planning Application including the Instructions to Bidders, Standard Terms and Conditions, Specific Terms and Conditions, Solicitation Addenda, Subrecipient's Proposal, other information and documents submitted by the Subrecipient in its' response to said Solicitation. These documents are incorporated into this Agreement to the extent not inconsistent with the provisions of this Agreement, including all exhibits. Subrecipient will promptly bring any provisions which Subrecipient believes are inconsistent to County's attention, and County will provide Subrecipient with its interpretation of the provisions in question. In the event of an irreconcilable inconsistency, the provisions of the awarding agency documents will govern over the conditions of this Agreement, unless otherwise required by law.

21.0 Books and Records

- 21.1 Subrecipient will keep and maintain all records specified in 24 CFR § 570.506 which are pertinent to the activities funded under this Agreement. All such records will be open for inspection and audit by duly authorized representatives of County during normal business hours. Records include, but are not limited to:
 - 21.1.1 A full description of each action or activity taken to comply with this Agreement;
 - 21.1.2 Demonstration that the actions and activities meet one or more of the National Objectives of the CDBG program;
 - 21.1.3 Eligibility documentation and determination;
 - 21.1.4 Documentation of compliance with the fair housing and equal opportunity components of the CDBG program;
 - 21.1.5 Disbursements of funds;
 - 21.1.6 Financial records required under 24 CFR § 570.502; and
 - 21.1.7 Documentation of compliance with Subpart K of 24 CFR Part 570.
- 21.2 Subrecipient must retain all records pertaining to this Agreement for three years after County submits the annual performance and evaluation report to HUD in which the CDBG-funded activities under this Agreement are reported on for the final time or until completion of any action and resolution of all

issues which arise from any related litigation, claim, negotiations, audit or other action involving the records that was started before the expiration of the 4-year period, whichever is later.

22.0 Audit Requirements

22.1 Subrecipient will:

- 22.1.1 Comply with the applicable provisions of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Parts 200 and 2400).
- 22.1.2 Establish and maintain a separate, identifiable accounting of all funds provided by County under this Agreement. The accounting must record all expenditures which are used to support invoices and requests for payment from County.
- 22.1.3 Establish and maintain accounting records which identify the source and application of any funds not provided under this Agreement used to support these Agreement activities.
- 22.1.4 Ensure that all accounting records meet the requirements of the Federal, State, County, and generally accepted accounting principles laws and regulations.
- 22.1.5 Upon written notice from County, provide a program-specific or financial audit. Such notice from County will specify the period to be covered by the audit, the type of audit and the deadline for completion and submission of the audit.
- 22.1.6 Assure that any audit conducted pursuant to this Agreement is performed by a qualified, independent accounting firm and submitted to County within six months of completion of the audit required pursuant to this Section 22.0, unless a different time is specified by County. The audit submitted must include Subrecipient responses, if any, concerning any audit findings.
- 22.1.7 Pay all costs for any audit required or requested pursuant to this Section 22.0, unless the cost is allowable for payment with the grant funds provided pursuant to this Agreement under the appropriate federal or state grant law and the cost was specifically included in the Subrecipient grant budget approved by County.

- 22.2 If Subrecipient is a "nonprofit corporation" that meets the definition of "corporation" in A.R.S. §10-3140, Subrecipient will comply with the applicable audit requirements in A.R.S. § 11-624, "Audit of Non-Profit Corporations Receiving County Monies." If Subrecipient meets or exceeds the single audit threshold in 2 CFR Part 200, Subrecipient will comply with federal single audit requirements and, upon request from County, provide County with a copy of the required audit document within 90 days following the end of Subrecipient's fiscal year. Subrecipient must timely submit the required or requested audit(s) to:

Rise Hart
Pima County Department of Community & Workforce Development
2797 East Ajo Way, 3rd Floor
Tucson, Arizona 85713

23.0 Copyright

Neither Subrecipient nor its officers, agents or employees will copyright any materials or products developed through contract services provided or contract expenditures made under this Agreement without prior written approval by County. Upon approval, County will have a non-exclusive and irrevocable license to reproduce, publish or otherwise use or authorize the use of any copyrighted material.

24.0 Property of County

Subrecipient is not the agent of County for any purpose and will not purchase any materials, equipment or supplies on the credit of County. Any materials, including reports, computer programs and other deliverables, created under this Agreement are the sole property of County. Subrecipient is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. Subrecipient will not use or release these materials without the prior written consent of County.

25.0 Disposal of Property

Termination of this Agreement will not relieve any party from liabilities or costs already incurred under this Agreement, nor affect any ownership of property pursuant to this Agreement.

26.0 Coordination

On matters relating to the administration of this Agreement, County will be Subrecipient's contact with all Federal, State and local agencies that provide funding for this Agreement.

27.0 Public Records

27.1 Disclosure. Pursuant to Arizona Public Records law, A.R.S. § 39-121 *et seq.*, and A.R.S. § 34-603(H) in the case of construction or architectural and engineering services procured under A.R.S. § Title 34, Chapter 6, all documents submitted in response to the solicitation resulting in an award of this Agreement, including, but not limited to pricing schedules, product specifications, work plans, and any supporting documents, are public records. As such, those documents are subject to release and/or review by the general public upon request, including competitors.

27.2 Records Marked Confidential; Notice and Protective Order. If Subrecipient reasonably believes that some of the records listed in paragraph 27.1 contain proprietary, trade-secret or otherwise-confidential information, Subrecipient must prominently mark those records "CONFIDENTIAL". In the event that a public records request is submitted to County for records marked "CONFIDENTIAL," County will notify Subrecipient of the request as soon as reasonably possible. County will release the records ten business days after the date of notice, unless Subrecipient has, within that period, secured an appropriate order from a court of competent jurisdiction in Arizona, enjoining the release of the records. County will not, under any circumstances, be responsible for securing such an order, nor will County be in any way financially responsible for any costs associated with securing such an order.

28.0 Eligibility for Public Benefits

Subrecipient will comply with applicable provisions of A.R.S. §§1-501 and 1-502 regarding public benefits, which are hereby incorporated as provisions of this Agreement.

29.0 Legal Arizona Workers Act Compliance

29.1 Compliance with Immigration Laws. Subrecipient hereby warrants that it will at all times during the term of this Agreement comply with all federal immigration laws applicable to Subrecipient's employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). Subrecipient will further ensure that each subcontractor who performs any work for Subrecipient under this Agreement likewise complies with the State and Federal Immigration Laws.

29.2 Books and Records. County has the right at any time to inspect the books and records of Subrecipient and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.

29.3 **Remedies for Breach of Warranty.** Any breach of Subrecipient's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this Section 29.0, is a material breach of this Agreement subjecting Subrecipient to penalties up to and including suspension or termination of this Agreement. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Subrecipient will be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, as soon as possible so as not to delay project completion. Any additional costs attributable directly or indirectly to such remedial action are the responsibility of Subrecipient.

29.4 **Subcontractors.** Subrecipient will advise each subcontractor of County's rights, and the subcontractor's obligations, under this Section 29.0 by including a provision in each subcontract substantially in the following form:

"Subcontractor hereby warrants that it will at all times during the term of this Agreement comply with all federal immigration laws applicable to Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to ensure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor will be deemed to be a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this Agreement."

30.0 No Joint Venture

It is not intended by this Agreement to, and nothing contained in this Agreement shall be construed to, create any partnership, joint venture or employment relationship between the parties or create any employer-employee relationship between County and any Court employees, or between Court and any County employees. Neither party shall be liable for any debts, accounts, obligations or other liabilities whatsoever of the other, including (without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

31.0 Remedies

Either party may pursue any remedies provided by law for the breach of this Agreement. No right or remedy is intended to be exclusive of any other right or remedy and each will be cumulative and in addition to any other right or remedy existing at law or at equity or by virtue of this Agreement.

32.0 Severability

Each provision of this Agreement stands alone, and any provision of this Agreement found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Agreement.

33.0 Non-Exclusive Agreement

Subrecipient understands that this Agreement is nonexclusive and is for the sole convenience of County. County reserves the right to obtain like services from other sources for any reason.

34.0 No Third-Party Beneficiaries

Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement or affect the legal liability of either party to the Agreement by imposing any standard of care with respect to the maintenance of public facilities different from the standard of care imposed by law.

35.0 Israel Boycott Certification

Pursuant to A.R.S. § 35-393.01, if Subrecipient engages in for-profit activity and has 10 or more employees, and if this Agreement has a value of \$100,000 or more, Subrecipient certifies it is not currently engaged in, and agrees for the duration of this Agreement to not engage in, a boycott of goods or services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.

36.0 Entire Agreement

This document constitutes the entire agreement between the parties pertaining to the subject it addresses and supersedes all prior or contemporaneous agreements and understandings, oral or written. No verbal agreements or conversations with any officer, agent or employee of County prior to or after the execution of this Agreement will affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Any such verbal agreements are unofficial information and in no way binding upon County.

SIGNATURE PAGE TO FOLLOW

PIMA COUNTY

Chair, Board of Supervisors

Mayor, City of South Tucson

Date: _____

Date: _____

ATTEST:

Clerk of the Board Date

City Clerk Date

Director
Department of Community & Workforce
Development

The foregoing Intergovernmental Agreement between Pima County and the City of South Tucson has been reviewed pursuant to A.R.S. §11-952 by the undersigned Deputy County Attorney and the City of South Tucson Attorney, who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Agreement represented by Pima County and the City of South Tucson.

PIMA COUNTY

Shoring

CITY OF SOUTH TUCSON

Stacey Roseberry, Deputy County Attorney

City Attorney

EXHIBIT A

SCOPE OF WORK

1. Program Title:

Management and Implementation of the City of South Tucson Community Development Block Grant Program ("the CDBG Program").

2. Program Purpose:

Through the Program, Subrecipient will provide the following eligible CDBG activities for income-qualified persons and households in South Tucson, Arizona: 1) Program Administration; 2) Code Enforcement; 3) Community Cleanup & Green Program; 4) Crime Prevention and Education Program; 5) Fire and Rescue Safety Equipment; and 6) Pio Decimo, John Valenzuela Youth Program; and 7) General Plan update.

3. Program Activities. Subrecipient shall comply with the 2020-2021 Annual Action Plan for the following activities.

- 3.1. Program Administration.** Subrecipient shall provide eligible, general CDBG program administration functions and activities for the management and implementation of the CDBG program to the extent allowed under 24 CFR 570.206.
- 3.2. Code Enforcement.** Subrecipient shall select and identify neighborhoods where targeted code enforcement will take place. For each area selected, Subrecipient shall conduct inspections for code violations and code enforcement of both residential and commercial properties. Subrecipient will then process and issue citations as warranted and collect fines imposed for violations. In addition, Subrecipient will procure, by competitive process, eligible materials and supplies to support these code enforcement activities. When appropriate, Subrecipient will refer property owners whose residential properties are non-compliant to agencies, including, but not limited to, Pima County Home Repair, Community Home Repair Projects of Arizona, Habitat for Humanity or DIRECT Center for Independence for assistance in correcting the problems identified.
- 3.3. Community Cleanup and Green Program.** Pursuant to 24 CFR§570.201(e), Subrecipient shall select and identify neighborhoods where cleanup activities will take place. For each area selected, Subrecipient shall reach out to community representatives and groups to identify specific community cleanup needs. Then Subrecipient shall complete a thorough needs assessment for each suggested community cleanup activity. Subrecipient shall also organize and hold or attend established community meetings to organize and plan cleanups as appropriate. Based on the needs assessment, Subrecipient shall conduct cleanup activities. Subrecipient shall also procure, by competitive bidding and quotes, all required materials, supplies and services to conduct community cleanup activities, including, but not limited to roll-off dumpsters; heavy equipment rental or operations costs, e.g., backhoes, front loaders, skid steers, and augers; trailers; safety equipment (including Personal Protective Equipment) for workers and volunteers; hand and power tools; t-shirts; and, marketing flyers and posters promoting the project.
- 3.4. Crime Prevention and Education Program.** Subrecipient shall develop and implement crime prevention and other public safety community outreach programing for residents of South Tucson ("the City"). Subrecipient shall procure, by competitive process, eligible materials and supplies to support these crime prevention and education program activities. Subrecipient will also provide for police personnel salaries and benefits for direct time and effort associated with the activities

listed below. Subrecipient's programming will include law enforcement and youth gang prevention activities within the City including but not limited to:

- 3.4.1. Gang Resistance -- Education, and Training Program at the two public schools and three established Local Youth Safe Havens in the City; and

South Tucson Police Explorer Post #317 for youth ages 14 to 20.

- 3.5. **Fire and Rescue Safety Equipment.** Subrecipient shall provide facilities, fire safety and protection equipment as allowed under 24 CFR 570.201(c). Subrecipient shall procure, by competitive process life-saving equipment, and other public safety equipment deemed integral to fire protection.
 - 3.6. **Pio Decimo John Valenzuela Youth Center Youth Program.** Subrecipient shall enter into a contract with a provider to conduct youth programs at Pio Decimo John Valenzuela Youth Center ("JVYC") located at 1550 S. Sixth Avenue. The provider must offer programs weekly, year-round, for low- and moderate-income, primarily at-risk, youth, ages 5 to 17 Monday through Thursday 9:00 a.m. to 8:30 p.m. and Fridays 9:00 a.m. to 6:00 p.m. (holidays may be excluded). Subrecipient shall ensure that contractor coordinates and provides a safe environment for youth to participate in supervised and meaningful activities including, but not limited to: art and crafts; homework and afterschool support; science fair events; health and fitness exercises; a variety of recreational sports; cultural and education events; social and club events; and crime prevention and education program public services. Subrecipient shall work with the provider to ensure programmatic and fiscal activities are timely completed including but not limited to gathering, maintaining and compiling information from participants to meet reporting requirements in paragraph 8.0. Subrecipient shall timely review, process and submit requests for reimbursement from the contracted provider for eligible youth program activities. Subrecipient shall also procure, by competitive process, eligible materials and supplies to support these Youth Program activities.
 - 3.7. **General Plan Update.** Subrecipient shall further economic development, neighborhood revitalization, and access to and utilization of social, health and economic opportunities in the City of South Tucson. Activities must include but are not limited to an update to City of South Tucson General Plan pursuant to requirements listed in A.R.S. § 9-461.06.
4. **COVID-19 Restrictions.** Subrecipient shall provide all in-person and group program services in compliance with Centers for Disease Control and Prevention, State, and County guidelines for operating during the Coronavirus COVID-19 pandemic. If Subrecipient's performance of the services must be modified or curtailed to comply with public health restrictions related to COVID-19, Subrecipient must immediately report the situation to County. County and Subrecipient will confer at least monthly to determine appropriate performance requirements and activities until services can be resumed in full.

5. Project goal/predicted outcomes:

- 5.1. **Goal:** The CDBG Program will create viable communities that meet the needs of low- and moderate-income individuals and households through CDBG activities that promote, suitable living environments and expanded economic opportunities.
- 5.2. **Predicted outcome:** Individuals and households who participate in the CDBG Program will have new or improved access to public services that improve crime prevention and safety; fire facility and equipment improvements; programming for at-risk youth; community public facility improvements, and the completion of a General Plan update.

6. Public benefit – CDBG National Objective and Eligible Activity:

Upon completion, Subrecipient's CDBG Program will meet the HUD CDBG National Objective to assist low- and moderate-income persons and households.

7. Metrics available to measure performance.

- 7.1. One Code Enforcement Officer or equivalent will conduct targeted code enforcement activities in targeted areas within the City;
- 7.2. Two community cleanups will be conducted within the City;
- 7.3. One full-time police officer or equivalent will conduct crime and gang prevention activities serving the population of the City;
- 7.4. 100 unduplicated, primarily at-risk, youth from low-to moderate income households in the City will participate in programing conducted at the JVYC; and
- 7.5. Completion of one General Plan update by Subrecipient that includes and included in the Neighborhood Revitalization Strategy Area plan submitted by County to HUD.

8. Reports.

- 8.1. Subrecipient will provide quarterly reports to County for submission to HUD on County's web-based application system at www.zoomgrants.com. The reports must include, but are not limited to, the following:
 - 8.1.1. Number of persons benefiting from crime prevention and education program public service activities;
 - 8.1.2. Number of persons benefitting from the public facility improvement integral to the operation of the fire protection facility;
 - 8.1.3. Number of emergency home repairs, adaptive construction, and safety hardware installation projects completed including the full address of each home; and
 - 8.1.4. City South Tucson General Plan update progress report and narrative.
- 8.2. Subrecipient must submit quarterly reports on January 15, 2021; April 15, 2021; July 15, 2021; and October 15, 2021.
- 8.3. Subrecipient shall submit quarterly reports that capture low-to-moderate area information related to Public Service. Report information includes but is not limited to household income calculated and identified by appropriate cohort per household as follows: 1) Extremely Low Income, at or below 30% AMI; 2) Low Income, at or below 50% AMI; and 3) Moderate Income, at or below 80% AMI. The reports shall include: 1) racial and ethnic information of individuals participating in the training program; the number of female-headed individuals enrolled in the program; and the number of disabled program participants. Each training participant's file will include a completed Self-Certification for Income Verification attached hereto as Exhibit C:
- 8.4. All reporting provisions will survive the termination of this Agreement.

9. Budget:

CDBG Funded Activities	Budget
Administration	\$ 30,000.00
Code Enforcement	\$ 10,000.00
Community Clean up & Green Program	\$ 5,000.00
Crime Prevention and Education Program	\$ 20,000.00

Fire and Rescue Safety Equipment	\$ 10,000.00
Pio Decimo, JVYC	\$ 100,000.00
General Plan Update	\$ 25,000.00
Total	\$200,000.00

END OF EXHIBIT A

EXHIBIT C
Self-Certification for Income Verification

First Name _____ Last Name _____ Date _____
Address _____ City _____ Zip Code _____
Phone Number _____ Date of Birth _____ Age _____ Gender ☐ Male ☐ Female

Race: (You must choose one)

- ☐ White ☐ American Indian/Alaska Native ☐ Asian
☐ Black or African American ☐ Native Hawaiian or Pacific Islander ☐ American Indian/Alaska Native & White
☐ Asian & White ☐ American Indian/Alaska Native & Black/African American
☐ Black/African American & White ☐ Other Multi-Racial ☐ Prefer not to answer

Ethnicity: (You must choose one)

_____ Hispanic or Latino _____ Not Hispanic or Latino _____ Prefer not to answer

Female Head of Household: ☐ Yes ☐ No **Program Participant is Disabled:** ☐ Yes ☐ No

Family Income: Calculation of Family Income includes: gross wages, salaries, unemployment insurance, disability or SSI, Social Security, pensions, child support, Temporary Assistance for Needy Families (TANF) and any other source of income for all family members 18 years of age and older.

Family Income Table:

1. Circle the number of persons in your household, and

2. Based on your household annual income, circle the closest income limit in one of the categories below.

Ex. A family of four who earns \$30,000 a year will circle "\$34,200" under the "50% of AMI and below" category.

2020-2021 Income Limits (Based on Area Median Income)

Household Size	30% of AMI and below	50% of AMI and below	60% of AMI and below	80% of AMI and below
1	\$14,350	\$23,950	\$28,740	Above \$38,300
2	\$16,400	\$27,400	\$32,880	Above \$43,800
3	\$18,450	\$30,080	\$36,960	Above \$49,250
4	\$20,500	\$34,200	\$41,040	Above \$54,700
5	\$22,150	\$36,950	\$44,340	Above \$59,100
6	\$23,800	\$39,700	\$47,640	Above \$50,950
7	\$25,450	\$42,450	\$50,940	Above \$54,450
8	\$27,100	\$45,150	\$54,180	Above \$57,950

Community Development Block Grant is a federal funding program to support lower income households. This agency requires all program participants to give us information on income and family size in order to qualify for services. You must complete this self-certification stating that the information you provide is true to the best of your knowledge. All information is kept confidential for records keeping and reporting requirements. No information will be released without your written consent. "I certify that all information provided on this application is true to the best of my knowledge. I also understand that I will provide verification of income, if requested."

Print Name (applicant) _____

Signature _____

Date _____

Print Name (parent/guardian, if applicant is a minor) _____

Signature _____

Date _____

Staff Reviewer _____

Staff Signature _____